

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 848 (Senators Harris and Kittleman)
Budget and Taxation

Authorized Resolutions - Spending Mandates - Three-Fifths Vote and Limited
Duration Requirement

This proposed constitutional amendment requires bills that mandate an appropriation in the State budget to be passed in each House by a three-fifths majority of the whole number of members elected and remain in effect for four years or less.

Fiscal Summary

State Effect: If approved by the voters at the November 2010 general election, to the extent this constitutional amendment reduces the number of mandated appropriations, general, special, and higher education fund expenditures may shift among different program priorities and/or decrease. However, the impact cannot be reliably estimated.

Local Effect: If approved by the General Assembly, this constitutional amendment will be submitted to the voters at the 2010 general election. It should not result in additional costs for the local election boards. If approved by the voters, the constitutional amendment may significantly affect the financing and services of local governments, but to what extent cannot be reliably estimated.

Small Business Effect: Minimal.

Analysis

Current Law: The Maryland Constitution authorizes each House of the General Assembly to adopt by rule a “consent calendar” procedure permitting bills to be read and voted upon as a single group on first, second, and third readings, provided that the

members of each House are afforded reasonable notice of the bills to be placed upon each consent calendar. Upon the objection of any member, any bill in question must be removed from the consent calendar.

No bill, nor single group of bills placed on the consent calendar, may become a law unless it is passed in each House by a majority of the whole number of members elected, and on its final passage, the yeas and nays be recorded, and on final passage of the bill or bills placed on the consent calendar, the yeas and nays on the entire group of bills be recorded. A resolution requiring the action of both Houses must be passed in the same manner.

The General Assembly may propose amendments to the Maryland Constitution if each amendment is embraced in a specified separate bill and passed by three-fifths of all the members elected to each of the two Houses.

Background: The State's own-source budget, which includes general, special, and higher education funds, consists of:

- mandated amounts/entitlements, which are general or special funds that have a statutory or constitutional requirement that require a specific amount to be appropriated or a specific formula to be used to calculate the appropriation, or that are required payments through an entitlement;
- funds with mandated purposes, which are special and higher education funds that have statutory dedications identifying a broad purpose for the funds but which allow the Governor discretion as to how the funds are allocated and used; and
- nonmandated general funds, which are funds that allow the Governor substantial flexibility as to the administration and funding levels of the programs with which they are associated. In many cases, State law requires expenditures for these programs without specifically mandating the amount or purpose.

Appropriations with a mandated amount or purpose total approximately \$19.6 billion, or 79% of the State-sourced portion of the budget. As shown in **Exhibit 1**, slightly more than 66% of the fiscal 2009 general fund appropriations and approximately 24% of the special fund appropriations are mandated or entitlements. Local governments receive approximately 58% of mandated general funds, primarily for education. The remaining 75% of the special fund and higher education appropriations is mandated for specific purposes.

Growth of the State-sourced budget was approximately 6% between fiscal 2008 and 2009, based on the fiscal 2009 legislative appropriation (does not include cost containment actions taken by the Board of Public Works). **Exhibit 2** reveals that, despite the general growth of the budget, increases in mandated spending were largely curtailed

in fiscal 2009. Mandated or entitlement funding increased by less than 3%, while nonmandated growth was approximately 9% between fiscal 2008 and 2009.

State Fiscal Effect: Requiring a three-fifths supermajority vote and limiting the effective date of mandated appropriations may result in a significant reduction in mandated State appropriations. If approved by the voters, to the extent this constitutional amendment reduces the number of mandated appropriations, State expenditures may shift among different program priorities and/or decrease. However, any impact cannot be reliably estimated.

Local Fiscal Effect: If approved by the voters, the constitutional amendment may significantly affect the financing and services of local governments to the extent laws mandating funding affect State aid to local governments or otherwise affect local government finances and services. However, the impact cannot be reliably estimated.

The Maryland Constitution requires that proposed amendments to the constitution be publicized either: (1) in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding the general election; or (2) by order of the Governor in a manner provided by law. State law requires local boards of elections to publicize proposed amendments to the constitution either in newspapers or on specimen ballots; local boards of elections are responsible for the costs associated with these requirements. It is anticipated that the budgets of local boards of elections will contain funding for notifying qualified voters about proposed constitutional amendments for the 2010 general election in newspapers or on specimen ballots.

Additional Information

Prior Introductions: None.

Cross File: None.

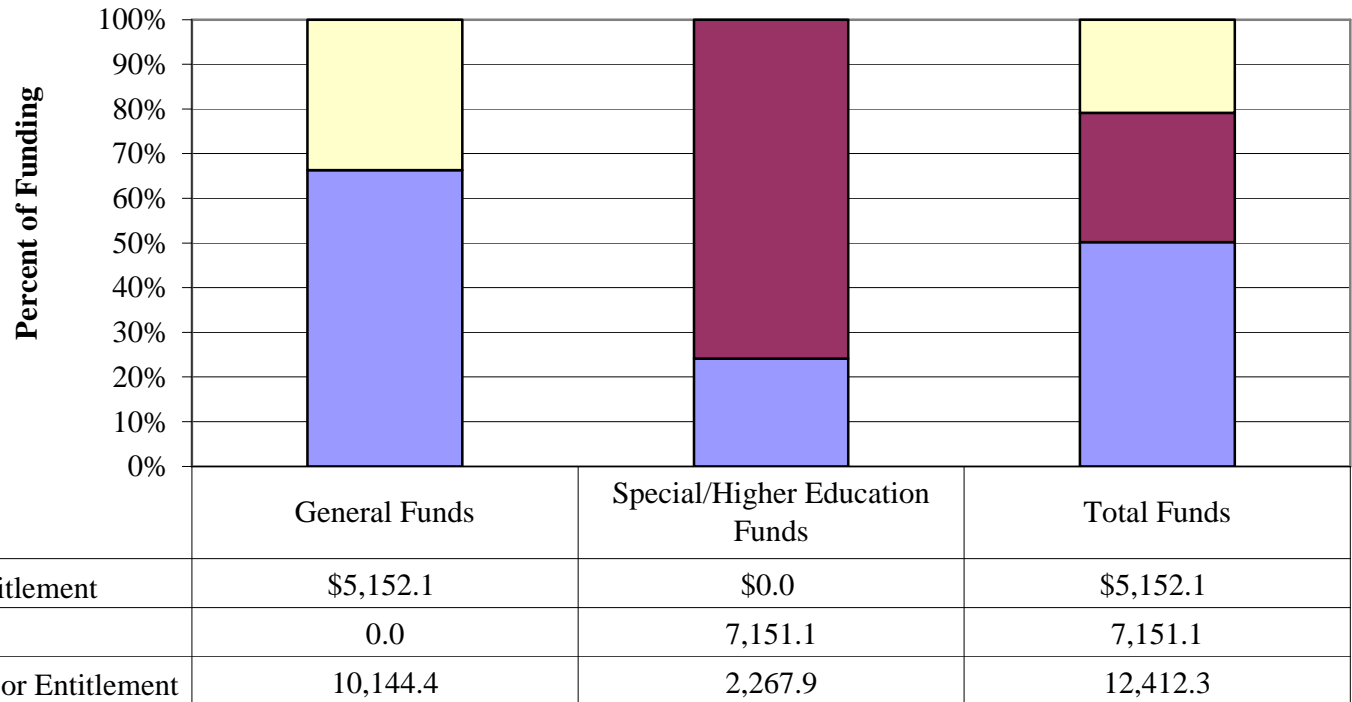
Information Source(s): Department of Budget and Management, Governor's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2009
ncs/rhh

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Exhibit 1
Maryland State Spending from Own-source Budget
Fiscal 2009
(\$ in Millions)



Source: Department of Legislative Services

Exhibit 2
Fiscal 2008 and 2009 Spending Comparison
(\$ in Millions)

<u>General Funds</u>	<u>Actual 2008</u>	<u>Leg. App. 2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$9,833.2	\$10,144.4	3.2%
Nonmandated/Entitlement	4,727.7	5,152.1	9.0%
<u>Special/Higher Education Funds</u>	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$2,252.2	\$2,267.9	0.7%
Mandated Purpose	6,490.2	7,151.1	10.2%
<u>Total Funds</u>	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$12,085.4	\$12,412.3	2.7%
Mandated Purpose	6,490.2	7,151.1	10.2%
Nonmandated/Entitlement	4,727.7	5,152.1	9.0%

Source: Department of Legislative Services
