

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 887 (Delegate Benson, *et al.*)
Rules and Executive Nominations

General Assembly - Fiscal Notes - Analysis of Long-Term Savings

This bill requires any fiscal and policy note prepared by the Department of Legislative Services (DLS) to include an analysis of any potential long-term savings for the State or local governments for five years, beginning one year after the bill's effective date. It also requires DLS to identify the sources of information used in preparing the analysis of potential long-term savings.

Fiscal Summary

State Effect: DLS can carry out the bill's requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: DLS must prepare a fiscal and policy note for each bill considered by the General Assembly. In general, a standing committee of the General Assembly may not vote on a bill unless it is accompanied by a fiscal and policy note. A fiscal and policy note prepared by DLS must contain:

- an estimate of the fiscal impact of the bill on the revenues and expenditures of the State government and of local governments for five years, beginning with the year the bill takes effect. If the bill's full fiscal impact is not expected to occur during

that time, the analysis must include each year until and including the first year during which the impact occurs;

- for bills that require a mandated appropriation in the State budget, a statement to that effect and an estimate of the fiscal impact of the mandated appropriation;
- for bills that impose a mandate on a unit of local government, a statement to that effect and an estimate of the fiscal impact of the local mandate, including the effect on local property tax rates;
- an analysis of the bill's economic impact on small businesses; and
- a list of sources of information used in preparing the fiscal impact estimates.

DLS must prepare a revised fiscal and policy note as soon as possible after the adoption of an amendment that changes the fiscal impact of a bill. A revised fiscal and policy note is typically prepared when a bill passes third reading in the house of origin and crosses over for consideration by the second house.

Background: Exhibit 1 shows the number of first and third reader fiscal notes prepared by DLS for the last four years. The number of first reader notes with a fiscal impact applies only to the impact on State government.

Exhibit 1
Fiscal and Policy Notes Prepared
2006-2009 Legislative Sessions

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
First Reader	2,785	2,414	2,550	2,555
<i>With Fiscal Impact</i>	1,219	1,010	1,077	1,090
Third Reader	582	503	548	599

Source: Department of Legislative Services

State Fiscal Effect: State and local fiscal impact estimates in fiscal and policy notes already include any expected revenue and expenditure effects, including expenditure savings, for the first five years after the bill's effective date. The bill requires the analysis of long-term savings to encompass five years beginning one year after the bill's effective

date, essentially extending the analysis that DLS already performs by one year. To accommodate this change, the Office of Information Systems within DLS will have to reprogram the fiscal and policy note system and related databases to allow published fiscal and policy notes to display the fiscal impact for an additional year. This task can be performed with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: SB 210 (Senator Kelley, *et al.*) - Budget and Taxation.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2010
ncs/lgc

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