

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 421 (Senator Kittleman)
 Education, Health, and Environmental Affairs

General Assembly - Housing Allowance - Restriction on Use

This bill prohibits a member of the General Assembly from using the General Assembly’s housing allowance if the member’s residence is less than 50 miles from the State House, unless the housing allowance is used during the final two weeks of the legislative session and with the permission of the Presiding Officer.

Fiscal Summary

State Effect: General fund expenditures by the Department of Legislative Services (DLS) decrease by an estimated \$784,000 in FY 2015, reflecting lower reimbursements for housing and meals partially offset by increased mileage reimbursements. Out-year savings are constant until FY 2019, when they increase due to inflation following the adoption of a new joint resolution establishing compensation levels for members of the General Assembly. No effect on revenues.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(784,000)	(784,000)	(784,000)	(784,000)	(791,800)
Net Effect	\$784,000	\$784,000	\$784,000	\$784,000	\$791,800

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

Local Effect: None.

Small Business Effect: Minimal overall, but meaningful for hotels and restaurants in Annapolis.

Analysis

Current Law/Background: Article III, § 15 of the Maryland Constitution requires that compensation for members of the General Assembly be set every four years by joint resolution submitted by the General Assembly Compensation Commission (GACC). The provisions on legislative compensation are not codified. Under the terms of the 2010 joint resolution, members of the General Assembly are entitled to reimbursement for lodging expenses in Annapolis during the legislative session, subject to limits specified by the Internal Revenue Service as federal per diem allowances for travel. That limit was \$101 per day in fiscal 2013. The 2014 GACC recommendation is to use the limit specified by the U.S. General Services Administration for lodging in Annapolis, which is also currently \$101 per day.

Members of the General Assembly are also entitled for reimbursement of meal expenses during their time in Annapolis for the legislative session, up to \$42 per day; members do not need to submit receipts for meal expense reimbursements.

DLS advises that total housing allowance expenditures in fiscal 2013 were \$1.4 million, of which \$816,000 was paid to 105 members whose residences are within 50 miles of the State House; 19 members received no reimbursement for housing. Total meal reimbursement expenses for the 2013 legislative session were \$432,700, and mileage reimbursements were \$182,500.

State Expenditures: This analysis assumes no increase in housing, meal, and mileage reimbursement rates through fiscal 2018, given that those rates have remained relatively constant for at least the last three years. It then assumes a 1% increase for fiscal 2019, following the adoption of a new GACC resolution. It also assumes that members with residences within 50 miles of the State House continue to use their housing allowances during the final two weeks of each legislative session (which make up 15.0% of the total legislative session).

Based on these assumptions, general fund expenditures for housing allowance reimbursements by DLS decrease by approximately \$693,400 each year beginning in fiscal 2015, and general fund expenditures for meal reimbursements decrease by \$221,100 each year beginning in fiscal 2015. However, these savings are partially offset by increased mileage reimbursement costs of about \$130,500 annually due to 105 members driving home every night and returning the next morning for four extra days each week for 11 weeks. The net annual savings totals approximately \$784,000. The estimated savings increases to \$791,800 in fiscal 2019 due to inflation.

Small Business Effect: With fewer members of the General Assembly staying overnight in Annapolis, hotels and restaurants may experience decreased business during the legislative session.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2014
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