

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 1661

(The Speaker)(By Request - Administration)

Appropriations

Budget and Taxation

State Budget - Revenue Stabilization Account Transfers - Coronavirus

This emergency Administration bill authorizes the Governor to transfer by budget amendment up to \$50.0 million from the Revenue Stabilization Account (Rainy Day Fund) to the expenditure accounts of the appropriate units of State government to fund costs associated with the Coronavirus Disease 2019 (COVID-19). The Governor must first provide the Legislative Policy Committee (LPC) with at least seven days to review and comment. Within 60 days after the release of funds to units of State government, the Department of Budget and Management (DBM) must submit a report to LPC and the General Assembly on the use of the funds, disaggregated by unit of State government. **The bill terminates June 30, 2021.**

Fiscal Summary

**State Effect:** Special fund revenues for State agencies to fund costs associated with COVID-19 increase by as much as \$50.0 million in FY 2020 (or 2021). Special fund expenditures increase by as much as \$50.0 million if DBM transfers funds from the Rainy Day Fund in FY 2020 (or 2021).

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	\$50.0	\$0	\$0	\$0	\$0
SF Expenditure	\$50.0	\$0	\$0	\$0	\$0
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

**Local Effect:** None.

**Small Business Effect:** The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

## Analysis

**Current Law:** The Rainy Day Fund was established to retain State revenues to meet future short-term funding needs and to reduce the need for future tax increases by moderating revenue growth. Statute limits transfers from the fund and prohibits transferring funds by budget amendment.

If authorized by the General Assembly or specifically authorized in the State budget bill as enacted, the Governor may transfer funds from the Rainy Day Fund to general fund revenues as necessary to support the operation of State government on a temporary basis, unless the transfer would result in a Rainy Day Fund account balance below 5% of the estimated general fund revenues for the fiscal year in which the transfer is made. If the transfer would result in an account balance below that threshold, the Governor may transfer funds from the account to general fund revenues only if the transfer is authorized by the General Assembly other than in the State budget bill.

The Rainy Day Fund is projected to end fiscal 2020 with a balance of \$1.18 billion and to end fiscal 2021 with a balance of \$1.2 billion (6.28% of general fund revenues).

The Spending Affordability Committee recommends a Rainy Day Fund balance of at least 6.0% of general fund revenues. Currently, the Rainy Day Fund balance in excess of 6.0% of general fund revenues is \$54.0 million.

**Background:** In December 2019, Chinese health officials announced they were investigating a pneumonia outbreak of unknown etiology (cause) in the city of Wuhan, China. At that time, it was reported that many of the cases were linked to a seafood and animal market in Wuhan. Since then, health officials have reported that the outbreak was caused by a novel coronavirus, and the illness has been named “coronavirus disease 2019” (abbreviated “COVID-19”).

Since then, thousands of cases have been reported, and some cases have been fatal. Cases of COVID-19 have been identified elsewhere in China, and in other countries, including in the United States. The U.S. [Centers for Disease Control and Prevention](#) (CDC) is responding to the outbreak on the federal level. On March 5, 2020, Maryland confirmed the first [three cases of coronavirus infections in the State](#).

Maryland’s State Public Health Laboratory has been approved for testing for COVID-19, which means that, rather than waiting for test results from CDC laboratories in Atlanta, Georgia, people who are suspected to have COVID-19 may be diagnosed faster through the Maryland Department of Health (MDH) laboratories in Baltimore. Additionally, the Maryland Emergency Management Agency (MEMA) held a planning workshop on March 4, 2020, to review continuity of operations plans across State government.

The Governor has directed State agencies to take every precaution to prepare and mobilize whatever resources are necessary to address COVID-19. The Governor submitted a \$10.0 million emergency funding request to the General Assembly as part of a supplemental budget. Some precautions the State is taking are as follows:

- The Maryland Institute for Emergency Medical Services Systems and MDH, in coordination with the Maryland Hospital Association, are coordinating on surge planning, including ambulance re-routing plans, suspension of voluntary admissions, and enhanced methods of medical monitoring for home-bound patients with mild to moderate symptoms.
- The Maryland Higher Education Commission is coordinating with University System of Maryland institutions that are bringing home students who are studying abroad in Italy and Japan.
- MDH is coordinating with nursing homes and assisted living facilities to review and reiterate guidance on infection control and medical management.
- MDH is coordinating with the Maryland State Department of Education to provide guidance to local school systems on protocols for school closures.
- MDH is coordinating with the Maryland Hospital Association to work with all the local hospitals on surge plans and preparedness.
- The Maryland Department of Transportation is actively engaged with travelers to ensure they have information they need and are following CDC guidelines. The Helen Delich Bentley Port of Baltimore is also engaged in similar screening protocols.
- MDH continues to participate in daily briefing calls with CDC and federal partners. MDH also continues to coordinate with local health departments as well as other State agencies on preparedness and response to the virus.
- MDH has released [public service announcements](#) regarding statewide preparedness efforts.
- All State agencies have reviewed their continuity of operations plans and submitted them to MEMA.

Individuals who have concerns about COVID-19 should contact their [local health departments](#) or call 211.

**State Fiscal Effect:** To the extent that funds are transferred as authorized, presumably in fiscal 2020, special fund revenues are available for State agencies to cover costs associated with COVID-19. As much as \$50.0 million is available for this purpose. Special fund expenditures increase correspondingly if DBM makes the transfer from the Rainy Day Fund. The transfer of funds, or some portion of the total amount authorized, could also be made in

fiscal 2021; however, authorization for such a transfer terminates at the end of fiscal 2021. DBM can meet the bill's reporting requirements with existing resources.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 1079 (The President)(By Request - Administration) - Budget and Taxation.

**Information Source(s):** Maryland Department of Health; U.S. Centers for Disease Control and Prevention; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2020  
rh/mcr Third Reader - March 11, 2020  
Revised - Amendment(s) - March 11, 2020  
Revised - Updated Information - March 11, 2020

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL:** State Budget - Revenue Stabilization Account Transfers -  
Coronavirus

**BILL NUMBER:** HB 1661

**PREPARED BY:** Governor's Legislative Office

**PART A. ECONOMIC IMPACT RATING**

X  WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL  
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL  
BUSINESSES

**PART B. ECONOMIC IMPACT ANALYSIS**