

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 976 (Delegate Kittleman, *et al.*)
Rules and Executive Nominations

Legislation - Spending Mandates - Three-Fifths Vote and Limited Duration
Requirement

This proposed constitutional amendment, if approved by the voters at the next general election, establishes that a bill that mandates an appropriation in the State budget may not become law unless it receives a three-fifths majority of the whole number of members elected and may only remain in effect for up to four years.

Fiscal Summary

State Effect: State expenditures are potentially affected as early as FY 2025 to the extent that the proposed constitutional amendment reduces the number and duration of future funding mandates, as discussed below. Overall State revenues are not affected.

Local Effect: Local government finances are potentially affected as early as FY 2025 to the extent that the bill limits future funding mandates that benefit local governments, as discussed below. Any such impact cannot be reliably predicted.

Small Business Effect: Minimal.

Analysis

Current Law: Under the Maryland Constitution, no bill, or single group of bills placed on a consent calendar, may become a law unless it is passed by a majority of the membership in each House of the General Assembly. Constitutional amendments and emergency legislation require approval by three-fifths of the membership of each House.

In enacting a balanced budget bill, the General Assembly generally may reduce appropriations in the Governor's proposed budget and may increase proposed appropriations relating to the General Assembly and the Judiciary. Chapter 645 of 2020, a constitutional amendment ratified by the voters in the 2020 general election, authorizes the General Assembly to increase or add appropriations in the Governor's proposed budget relating to the Executive Department, beginning with the fiscal 2024 budget bill. The total appropriation for the Executive Department approved by the General Assembly may not exceed the total proposed appropriation for the Executive Department submitted by the Governor.

In addition, the General Assembly may, subject to specified requirements, add an appropriation to the State budget through a supplementary appropriation bill. A supplementary appropriation bill must provide a revenue source to cover the amount of the appropriation.

Article III, Section 52 of the Maryland Constitution allows the General Assembly to enact a statute that requires the Governor to include a particular level of funding for a particular program in a future State budget.

State Fiscal Effect: As noted above, the proposed constitutional amendment requires a three-fifths majority for passage of a mandated funding law and specifies that a mandated appropriation may only remain in effect for up to four years. The requirements potentially apply to a variety of legislation that may increase required funding levels, including, for example, future proposed modifications to State education funding formulas.

To the extent that the constitutional amendment results in the enactment of fewer mandated appropriations and/or the earlier termination of mandated appropriations, State expenditures potentially shift among different program priorities and/or decrease as early as fiscal 2025. However, any such impact cannot be reliably anticipated.

Local Fiscal Effect: The Governor's proposed fiscal 2023 budget, as introduced, includes \$9.2 billion in State aid to local governments, 85% of which is aid to public schools. To the extent that the constitutional amendment limits the enactment and/or duration of mandated appropriations or changes to funding formulas that provide funding to local governments or otherwise support local governments, local government finances and operations are potentially affected, as early as fiscal 2025. Any such impact, however, cannot be reliably anticipated.

Additional Information

Prior Introductions: SB 848 of 2009 received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Department of Legislative Services

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