

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 789
Appropriations

(Delegate D. Jones)

Budget and Taxation and Education, Energy,
and the Environment

Catastrophic Event Account - Unit of Local Government - Authorized Fund

This bill expands the authorized uses of the Catastrophic Event Account to enable units of local government to receive funding directly from the account. The bill makes corresponding changes to the established purpose of the Catastrophic Event Account. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances. Because local governments can receive funding from the Catastrophic Event Account under current law (albeit indirectly, through funding provided by State entities), the bill's changes are not anticipated to affect the overall level of funding needed for the account. The Department of Budget and Management (DBM) can implement the bill with existing resources.

Local Effect: The bill is not anticipated to materially affect local government finances, as local governments can receive funding from the Catastrophic Event Account under current law (through funding provided by State entities).

Small Business Effect: Minimal or none.

Analysis

Current Law: The Catastrophic Event Account, which is administered by DBM, was established in 1990 to enable the State to respond quickly to a natural disaster or catastrophe that could not be addressed within existing State appropriations. Chapters 1 and 2 of 2019, among other things, expanded the account so that it may be used

in the event of a full or partial federal government shutdown due to a lapse in appropriations.

Funds appropriated to the Catastrophic Event Account (1) may not be used to offset operating deficiencies in regular programs of State government but (2) as noted above, may be expended to assist a unit of State government in funding costs in connection with a natural disaster, a catastrophic situation, or a full or partial federal government shutdown due to a lapse in appropriations.

In the event of a natural disaster or catastrophe, prior to transferring funds by budget amendment to the appropriate unit of State government, the Governor must notify the Legislative Policy Committee (LPC) of the proposed amendment and allow the committee to review and approve the proposed amendment. LPC has 15 days to review and comment. If the federal government is in a full or partial shutdown, after a two-day review and comment period by LPC, the Governor may transfer funds by budget amendment from the account to the Federal Government Shutdown Employee Assistance Loan Fund.

The account consists of direct appropriations in the budget bill. Investment earnings are credited to the Revenue Stabilization Account.

Additional Comments: The estimated fiscal 2024 beginning balance of the Catastrophic Event Account is approximately \$10.1 million.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 650 (Senator Elfreth, *et al.*) - Budget and Taxation and Education, Energy, and the Environment.

Information Source(s): Baltimore, Frederick, and Montgomery counties; Maryland Association of Counties; Maryland Department of Emergency Management; City of Havre de Grace; Maryland Municipal League; Department of Budget and Management; Federal Emergency Management Agency; Congressional Research Service; Department of Legislative Services

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