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Deputy Secretary

HOUSE BILL 454 Driver’s Licenses and Vehicles Registrations-Distribution of Tax Payments and Unemployment Insurance Contributions-Tax Clinics for Low-Income Marylanders (Rosenberg)

STATEMENT OF INFORMATION

DATE: February 27, 2020

COMMITTEE: House Ways & Means Committee and House Economic Matters Committee

SUMMARY OF BILL: HB 454 redirects annually the first \$450,000 of undisputed taxes (General Fund) or unemployment insurance contributions (Special Funds) collected as a result of having a vehicle registration or license flagged for debts owed to the Tax Clinics for Low-Income Marylanders Fund; caps the Fund amount at \$450,000; and distributes the funds equally between the University of Maryland School of Law and the University of Baltimore School of Law to operate tax clinics for low-income Marylanders.

EXPLANATION: Diverting General Funds, in particular, for another ongoing expenditure adds to the FY 2022 budget deficit.

**General Fund Budget Outlook
Fiscal 2022 - 2025**

	Est. 2022	Est. 2023	Est. 2024	Est. 2025
Cash Balance	-\$833	-\$1,135	-\$1,201	-\$1,298
Structural Balance	-\$701	-\$905	-\$984	-\$1,071

Department of Legislative Services, January 2020 Fiscal Briefing

For FY 22 – FY 25, the cumulative impact of an ongoing imbalance between spending and revenues is a \$3.6 billion structural gap. Our structural budget problem reflects a spending problem; not a revenue problem.

The 2019 SAC commentary encourages a cautious fiscal approach -- **“Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.”**

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