Increasing Transparency of Revenue Estimates Would Improve Public Trust in Budgeting Process

Position Statement in Support of House Bill 113

Given before the House Ways and Means Committee

Maryland's budget is the clearest reflection of our values and priorities as a state. A transparent and open budget process is critical to ensuring state spending reflects public priorities. **The Maryland Center on Economic Policy supports House Bill 113, which builds on other recent budget process reforms by increasing transparency around state revenue forecasting.**

Maryland's Board of Revenue Estimates (BRE) plays a vital role in the state's budgeting process by issuing the revenue projections on which the state budget is based. Accurate revenue forecasts are essential for policymakers and the public to understand the state's fiscal position and to make or advocate for spending priorities or policy changes accordingly. Revenue forecasts are critical to preparing a balanced state budget and maintaining the state's Triple A bond rating, which allows Maryland to borrow money at lower interest rates.

Today, BRE meetings are sometimes scheduled with very little advanced notice, which makes it harder for interested parties to attend the meeting to get a better understanding of the revenue estimates. The experience of the COVID-19 pandemic's effect on state fiscal forecasts and the related improvements in transparency and public access that came with livestreaming BRE meetings both reinforce the importance of maintaining an open and accessible forecasting process.

Other provisions of HB 113 would help increase public understanding of the state's special funds that help support some of our most essential and visible public investments, in public schools and in transportation. It makes sense for the BRE's forecasts to address these large special funds, as well as the General Fund.

In addition to the transparency measures, HB 113 also makes important improvements to the staffing and compensation of Bureau of Revenue Estimates staff who do the vital analysis that supports the Board's official revenue forecasts. Having revenue forecasts that are as accurate as possible is essential for the state's budgeting process and for making prudent fiscal decisions that help preserve Maryland's Triple A bond rating. Being able to recruit and retain excellent staff is critical to producing accurate estimates.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Ways and Means Committee give a favorable report to House Bill 113.

Equity Impact Analysis: House Bill 113

Bill Summary

House Bill 113 would require that annual Board of Revenue Estimates meetings be scheduled at the start of each fiscal year and that they cannot be rescheduled five or fewer days before the originally scheduled date. It requires that meetings be livestreamed and archived for five years, and that the Board report on the fiscal health of large special funds in addition to the General Fund. It also supports adequate staffing and compensation for the Bureau of Revenue Estimates.

Background

Maryland's Board of Revenue Estimates (BRE) plays a vital role in the state's budgeting process by issuing the revenue projections on which the state budget is based. Accurate revenue forecasts are essential for policymakers and the public to understand the state's fiscal position and to make or advocate for spending priorities or policy changes accordingly. Revenue forecasts are critical to preparing a balanced state budget, and maintaining the states Triple A bond rating that allows Maryland to borrow money at lower interest rates.

The General Assembly previously set similar meeting transparency requirements for another entity critical to the budget process, the Board of Public Works.

Equity Implications

Maryland's investments in essential services like education, health care, and transportation support our state economy and are especially vital for Marylanders who face economic roadblocks because of low income or the ongoing legacy of racist policy.

Increasing public understanding of the state's fiscal resources will allow Marylanders to better understand the state's fiscal health and communicate with their elected representatives about fiscal policy choices. It would also help policymakers make more informed decisions about the state's fiscal policies.

Impact

House Bill 113 would likely **improve racial, gender, and economic equity in Maryland.**