



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 826 Economic Development – Maryland Watermen’s Microloan Program – Establishment (Klausmeier)

STATEMENT OF INFORMATION

DATE: March 1, 2022

COMMITTEE: Senate Finance

SUMMARY OF BILL: SB 826 creates a Maryland Watermen’s Microloan Program in the Maryland Agricultural and Resource–Based Industry Development Corporation (MARBIDCO) for the purpose of providing loans to qualified commercial fishermen to continue commercial operations in the State; and mandates an appropriation in the amount of \$750,000 in FY 24 and FY 25. Through June 30, 2025, only generational watermen qualify for loans; and beginning July 1, 2025, generational watermen, beginner watermen, and seafood processing businesses may qualify.

EXPLANATION: The Department of Budget and Management’s focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$750,000 mandated appropriation provision that impacts the FY 2024 and FY 2025 budgets.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature’s new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland’s Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor’s tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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