



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 646 Tri-County Council for Southern Maryland - Funding for Southern Maryland Development Commission (Proctor)

STATEMENT OF INFORMATION

DATE: March 11, 2022

COMMITTEE: House Environment & Transportation

SUMMARY OF BILL: HB 646 mandates an annual appropriation in the amount of \$900,000 from the Cigarette Restitution Fund to fund the activities of the Southern Maryland Agricultural Development Commission (SMADC).

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 \$900,000 annual mandated appropriation from the Cigarette Restitution Fund. The FY 2023 Budget allowance includes \$900,000 for SMADC to assist in the transition of the Southern Maryland agricultural sector from tobacco to other agricultural purposes. Despite FY 2020 being the last year of funding in the Tobacco Transition Program, SMADC has continued to receive operating funds.

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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