

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 348

(Senator Jones, *et al.*) (Chair, Joint Committee on the
Management of Public Funds)

Budget and Taxation

Appropriations

Capital Debt Affordability

This bill extends the submission date for the annual report of the Capital Debt Affordability Committee (CDAC) from September 10 to October 1. The bill also extends the annual deadline for the Governor to determine the amount of advisable new State debt from October 15 to November 1.

The bill takes effect June 1, 2010.

Fiscal Summary

State Effect: The State Treasurer's Office receives an operational benefit from altering the submission deadline of CDAC recommendations.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: CDAC consists of seven members, with the State Treasurer serving as chair of the committee. Other members include an individual appointed by the Governor; the Comptroller; the Secretary of Budget and Management; and the Secretary of Transportation. The chair of the Capital Budget Subcommittee of the Senate Budget and Taxation Committee and the chair of the Capital Budget Subcommittee of the House Appropriations Committee are nonvoting members.

The formulation of the capital budget begins when the departments and agencies proposing capital improvements, prepare capital budget requests. These requests are submitted to the Department of Budget and Management, no later than July 1 for introduction at the upcoming legislative session. During the summer, CDAC meets to analyze the State's debt status and to make recommendations to the Governor and the General Assembly as to the maximum amount of new general obligation debt that should be authorized during the upcoming session of the General Assembly. CDAC's recommendations are due to the Governor by September 10 of each year. By October 15 of each year, the Governor must determine the total authorizations of new State debt and provide a preliminary allocation of State debt between general construction projects, school construction projects, and other special projects.

In December, March, and September of each year the Bureau of Revenue Estimates (BRE) in the Comptroller's Office is required to provide a report to the Board of Revenue Estimates containing estimated revenues from all sources for the following fiscal year in which the report is made. The Board of Revenue Estimates consists of three *ex officio* members, the Comptroller, the Secretary of Budget and Management, and the State Treasurer. The State Treasurer may appoint, as a designee, a deputy treasurer to serve on the board.

State Fiscal Effect: The BRE report on projected State revenues must be submitted to the Board of Revenue Estimates in September of each year. Because CDAC's recommendations are due to the Governor by September 10 of each year, the most recent revenue estimates may not be available in time to be considered in the CDAC recommendation. The State Treasurer's Office advises that changing the due date of the CDAC report until October 1 will allow the most recent BRE report to be considered in recommending the appropriate level of debt. As a result the State Treasurer's Office, which assists in preparing the CDAC recommendation, receives an operational benefit. Delaying the date that the Governor's recommendations are due allows adequate time for the Governor to assess the CDAC report.

Additional Information

Prior Introductions: None.

Cross File: HB 766 (Delegate Heller, *et al.*) (Chair, Joint Committee on the Management of Public Funds) - Appropriations.

Information Source(s): Department of Budget and Management, Department of General Services, Maryland State Treasurer's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2010
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