

# SENATE BILL 839

B1

7lr3071

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By: **Senator Serafini**

Introduced and read first time: February 3, 2017

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 19, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~State Budget Appropriations Funding Priorities~~

3 Workgroup on Categories for Funding Priorities in the Annual State Budget

4 FOR the purpose of ~~requiring the Governor, in each proposed budget, to designate the~~  
5 ~~funding priority for each General Fund appropriation; providing that certain~~  
6 ~~appropriations with a certain designation may not be reduced; providing that certain~~  
7 ~~appropriations with a certain designation may receive funding only under certain~~  
8 ~~circumstances; requiring that certain appropriations with a certain designation be~~  
9 ~~reduced under certain circumstances; and generally relating to the reduction of~~  
10 ~~certain appropriations in the annual budget bill~~ establishing a Workgroup on  
11 Categories for Funding Priorities in the Annual State Budget; establishing the  
12 membership of the Workgroup; specifying the purpose of the Workgroup; requiring  
13 the Workgroup to make findings and recommendations and submit a report to the  
14 Governor and the General Assembly on or before a certain date; providing for the  
15 termination of this Act; and generally relating to the Workgroup on Categories for  
16 Funding Priorities in the Annual State Budget.

17 ~~BY repealing and reenacting, with amendments,~~  
18 ~~Article State Finance and Procurement~~  
19 ~~Section 7-105 and 7-213~~  
20 ~~Annotated Code of Maryland~~  
21 ~~(2015 Replacement Volume and 2016 Supplement)~~

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
23 That ~~the Laws of Maryland read as follows:~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Article State Finance and Procurement~~

~~7-105.~~

~~(A) Each proposed budget shall be classified as and in the form and with the detail that the Governor or law requires.~~

~~(B) (1) IN EACH PROPOSED BUDGET THE GOVERNOR SHALL DESIGNATE EACH APPROPRIATION THAT IS FROM GENERAL FUND REVENUES AS AN "A", "B", OR "C" FUNDING PRIORITY.~~

~~(2) (i) AN APPROPRIATION DESIGNATED AS AN "A" FUNDING PRIORITY MAY NOT BE REDUCED.~~

~~(ii) AN APPROPRIATION DESIGNATED AS A "B" FUNDING PRIORITY SHALL BE REDUCED AS PROVIDED IN § 7-213(A)(2) OF THIS TITLE.~~

~~(iii) AN APPROPRIATION DESIGNATED AS A "C" FUNDING PRIORITY MAY RECEIVE FUNDING ONLY AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION.~~

~~(3) (i) IF THE DECEMBER, MARCH, OR SEPTEMBER REPORTS REQUIRED UNDER § 6-106 OF THIS ARTICLE INCREASE THE ESTIMATED STATE REVENUES DISTRIBUTED TO THE GENERAL FUND FOR THE CURRENT FISCAL YEAR, THE GOVERNOR MAY, BY BUDGET AMENDMENT, AUTHORIZE THE RELEASE OF FUNDS FOR AN APPROPRIATION DESIGNATED AS A "C" FUNDING PRIORITY UNDER THIS SUBSECTION.~~

~~(ii) THE AMOUNT OF FUNDS THAT MAY BE RELEASED UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH MAY NOT EXCEED THE INCREASE IN THE ESTIMATED STATE REVENUES THAT ARE DISTRIBUTED TO THE GENERAL FUND.~~

~~7-213.~~

~~(a) (1) Subject to paragraph [(2)] (3) of this subsection and except as provided in subsection (b) of this section, with the approval of the Board of Public Works, the Governor may reduce, by not more than 25%, any appropriation:~~

~~(i) that the Governor considers unnecessary; or~~

~~(ii) that is subject to budgetary reductions required under the budget bill as approved by the General Assembly.~~

~~(2) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, IF THE DECEMBER, MARCH, OR SEPTEMBER REPORTS REQUIRED UNDER § 6-106 OF THIS ARTICLE REDUCE THE ESTIMATED STATE REVENUES DISTRIBUTED TO THE GENERAL FUND FOR THE CURRENT FISCAL YEAR, THE GOVERNOR SHALL REDUCE EACH APPROPRIATION DESIGNATED AS A "B" FUNDING PRIORITY BY THE SAME PERCENTAGE AS THE REDUCTION IN THE DECEMBER, MARCH, OR SEPTEMBER REPORT.~~

~~(3) At least 3 business days before the Board of Public Works may approve a proposed reduction of an appropriation under this subsection, the Secretary of Budget and Management shall:~~

~~(i) publish on the Department of Budget and Management's Web site, in a machine-readable format, notice of the proposed reduction, including:~~

~~1. the name of the State agency or program for which the appropriation is intended and a brief narrative summary of the impact of the proposed reduction on the State agency or program;~~

~~2. the amount of the proposed reduction in both dollar and percentage values;~~

~~3. the fund source of the appropriation subject to the proposed reduction; and~~

~~4. any projected reductions in workforce as a result of the proposed reduction;~~

~~(ii) provide the notice required under subparagraph (i) of this paragraph to the Board of Public Works for publication, in a machine-readable format, on the Board's Web site; and~~

~~(iii) provide written notice of the proposed reduction, including the items specified under subparagraph (i) of this paragraph, to:~~

~~1. the Legislative Policy Committee;~~

~~2. the Senate Budget and Taxation Committee; and~~

~~3. the House Appropriations Committee.~~

~~(b) (1) The Governor may not reduce an appropriation to the Legislative Branch or the Judicial Branch of the State government.~~

~~(2) The Governor may not reduce an appropriation for:~~

- ~~(i) payment of the principal of or interest on the State debt;~~
- ~~(ii) public schools, including the Maryland School for the Deaf;~~
- ~~(iii) the Maryland School for the Blind; or~~
- ~~(iv) the salary of a public officer, during the term of office.~~

~~(3) Except as provided in § 8-109 of the State Personnel and Pensions Article, the Governor may not reduce an appropriation for the salary of any nontemporary employee in the State Personnel Management System.~~

(a) There is a Workgroup on Categories for Funding Priorities in the Annual State Budget.

(b) The Workgroup consists of representatives from:

(1) the Department of Budget and Management, designated by the Secretary of the Department;

(2) the Office of the Comptroller, designated by the Comptroller; and

(3) the Department of Legislative Services, designated by the Executive Director of the Department.

(c) The Department of Budget and Management shall convene the Workgroup to study, evaluate, and make recommendations concerning budgeting models used by state or local governments in the United States that utilize well-defined service categories to set budget funding priorities and then allocate budget resources based on the categories of funding priorities established.

(d) The Workgroup may:

(1) hold public hearings and receive testimony from the public and other interested parties; and

(2) retain the services of consultants as it determines.

(e) The Department of Budget and Management, the Office of the Comptroller, and the Department of Legislative Services jointly shall provide staff for the Workgroup.

(f) On or before December 31, 2017, the Workgroup shall submit a report of its findings and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2017. It shall remain effective for a period of 1 year and 1 month and, at the end of June

1 30, 2018, with no further action required by the General Assembly, this Act shall be  
2 abrogated and of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.