

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 370

(Senator Madaleno, *et al.*)

Budget and Taxation

Board of Public Works Transparency Act of 2016

This bill requires the Secretary of Budget and Management to post on its website notice of a proposed reduction to an appropriation at least 10 consecutive days before the reduction may be approved by the Board of Public Works (BPW). The notice must include specified information about the nature of the proposed reduction. The Department of Budget and Management (DBM) must provide the notice to BPW to post on its website too. The bill also requires DBM to provide written notice of the proposed reduction to specified committees of the General Assembly at least 10 consecutive days before it may be approved.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: BPW and DBM can comply with the bill's requirements with existing resources. To the extent that the bill's requirements delay BPW action on proposed reductions, expenditure savings (all funds) stemming from BPW actions are affected, potentially resulting in State expenditures exceeding desired levels and requiring further reductions. Additionally, as the bill limits the State's flexibility in addressing budgetary shortfalls, State bond ratings could be negatively affected. The net effect cannot be reliably determined. No effect on revenues.

Local Effect: To the extent that local revenues from the State are subject to reductions by BPW, any delay in BPW action on proposed reductions resulting from the bill may reduce proposed cuts to local aid from the State.

Small Business Effect: Minimal.

Analysis

Current Law: With the approval of BPW, the Governor may reduce up to 25% of any appropriation that the Governor considers unnecessary or that is subject to budgetary reductions required under the budget bill approved by the General Assembly. However, the Governor may not reduce an appropriation for:

- the Legislative or Judicial branches of State government;
- payment of the principal or interest on State debt;
- public schools, including the Maryland School for the Deaf;
- the Maryland School for the Blind; or
- the salary of a public officer during the term of office.

Under Maryland's Open Meetings Act, with limited exceptions, a "public body" must (1) provide adequate notice of the time and location of meetings and (2) meet in open session in a location that is reasonably accessible to attendees. A public body is any entity that (1) consists of at least two individuals and (2) is created by the Maryland Constitution; a State statute; a county or municipal charter; a memorandum of understanding or a master agreement to which a majority of the county boards of education and the Maryland State Department of Education are signatories; an ordinance; a rule, resolution, or bylaw; or an executive order of the Governor or of the chief executive authority of a political subdivision. Exclusions from the definition of "public body" include juries, the Governor's cabinet and Executive Council, judicial nominating commissions, and single-member entities, among others.

Background: Since 2007, BPW has approved reductions to appropriations on 11 separate occasions, the most recent coming in January 2015, when it reduced general fund appropriations by \$197.8 million and special fund appropriations by \$7.5 million. BPW reductions over that time period have totaled \$1.99 billion (all funds).

Generally, BPW posts its meeting agenda on its website 10 days before its meeting, and the meeting summary is posted 7 days before its meeting. The meeting summary is updated within 24 hours after the meeting to show what action was taken on each item.

Additional Information

Prior Introductions: A similar bill, HB 1211 of 2015, received a hearing in the House Appropriations Committee, but no further action was taken.

Cross File: HB 368 (Delegate Korman, *et al.*) - Appropriations.

Information Source(s): Department of Budget and Management, Board of Public Works,
Department of Legislative Services

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md/mcr

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