

HOUSE BILL 1439

B1

2lr2866

By: **Delegates James, Bohanan, Clagett, and Gaines**

Introduced and read first time: March 2, 2012

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Operating Budget – Capital Gains Tax Revenue – Appropriation to Revenue**
3 **Stabilization Account**

4 FOR the purpose of requiring the Governor to include in the budget bill for each fiscal
5 year a certain appropriation to the Revenue Stabilization Account if State
6 income tax revenue from capital gains exceeds a certain amount; providing that
7 the appropriation of certain State income tax revenue from capital gains to the
8 Account shall be in addition to other required appropriations to the Account;
9 and generally relating to the appropriation of State income tax revenue from
10 capital gains to the Revenue Stabilization Account.

11 BY repealing and reenacting, with amendments,
12 Article – State Finance and Procurement
13 Section 7–311
14 Annotated Code of Maryland
15 (2009 Replacement Volume and 2011 Supplement)

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

18 **Article – State Finance and Procurement**

19 7–311.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) “Account” means the Revenue Stabilization Account.

22 (3) “Estimated General Fund revenues” means the estimated General
23 Fund revenues for a fiscal year stated in the report of the Board of Revenue Estimates

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 submitted to the Governor under § 6–106 of this article in December preceding the
2 fiscal year.

3 (b) The Revenue Stabilization Account is established to retain State
4 revenues for future needs and reduce the need for future tax increases by moderating
5 revenue growth.

6 (c) The Account is a continuing, nonlapsing fund which is not subject to §
7 7–302 of this subtitle.

8 (d) The Account consists of:

9 (1) moneys appropriated in the State budget to the Account; and

10 (2) interest or other income earned from the investment of any portion
11 of this Account or any other account in the State Reserve Fund.

12 (e) Except as provided in subsection (f) of this section, for each fiscal year:

13 (1) if the Account balance is below 3% of the estimated General Fund
14 revenues for that fiscal year, the Governor shall include in the budget bill an
15 appropriation to the Account equal to at least \$100,000,000; and

16 (2) if the Account balance is at least 3% but less than 7.5% of the
17 estimated General Fund revenues for that fiscal year, the Governor shall include in
18 the budget bill an appropriation to the Account equal to at least the lesser of
19 \$50,000,000 or whatever amount is required for the Account balance to exceed 7.5% of
20 the estimated General Fund revenues for that fiscal year.

21 (f) The appropriations required by subsection (e) of this section are not
22 required when the Account balance exceeds 7.5% of the estimated General Fund
23 revenues.

24 (g) (1) Unless the transfer would result in an Account balance below 5% of
25 the estimated General Fund revenues for the fiscal year in which the transfer is made,
26 if authorized by an act of the General Assembly or specifically authorized in the State
27 budget bill as enacted, the Governor may transfer funds from the Account to General
28 Fund revenues as necessary to support the operation of State government on a
29 temporary basis.

30 (2) If the transfer would result in an Account balance below 5% of the
31 estimated General Fund revenues for the fiscal year in which the transfer is made, the
32 Governor may transfer funds from the Account to General Fund revenues only if the
33 transfer is authorized by an act of the General Assembly other than the State budget
34 bill.

1 (h) If the budget bill as submitted to the General Assembly includes a
2 transfer of funds from the Account pursuant to subsection (g) of this section, the
3 budget bill as enacted by the General Assembly may provide for a reduction of the
4 amount of the transfer from the Account by an amount up to the amount of the
5 reductions made by the General Assembly in the General Fund appropriations.

6 (i) Funds of the Account may only be transferred from the Account as
7 provided in this section and are not subject to transfer by budget amendment.

8 (j) (1) Except as provided in paragraph (2) of this subsection and §
9 13-209(g) of the Tax – Property Article, for fiscal year 2007 and for each subsequent
10 fiscal year, the Governor shall include in the budget bill an appropriation to the
11 Account equal to the amount by which the unappropriated General Fund surplus as of
12 June 30 of the second preceding fiscal year exceeds \$10,000,000.

13 (2) The appropriation required under this subsection for any fiscal
14 year may be reduced by the amount of any appropriation to the Account required to be
15 included for that fiscal year under subsection (e) of this section.

16 **(K) (1) FOR FISCAL YEAR 2014 AND FOR EACH SUBSEQUENT FISCAL**
17 **YEAR, IF THE AMOUNT OF STATE INCOME TAX REVENUE FROM CAPITAL GAINS**
18 **RECEIVED BY THE STATE AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL**
19 **YEAR EXCEEDS \$500,000,000, THE GOVERNOR SHALL INCLUDE IN THE BUDGET**
20 **BILL AN APPROPRIATION TO THE ACCOUNT EQUAL TO THE AMOUNT BY WHICH**
21 **THE STATE INCOME TAX REVENUE FROM CAPITAL GAINS EXCEEDS**
22 **\$500,000,000.**

23 **(2) THE APPROPRIATION REQUIRED UNDER THIS SUBSECTION**
24 **FOR ANY FISCAL YEAR SHALL BE IN ADDITION TO THE AMOUNT OF ANY**
25 **APPROPRIATION TO THE ACCOUNT REQUIRED TO BE INCLUDED FOR THAT**
26 **FISCAL YEAR UNDER SUBSECTION (E) OF THIS SECTION.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 2012.