

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 113

(Delegates Lierman and Korman)

Ways and Means and Appropriations

Budget and Taxation

Board of Revenue Estimates and Bureau of Revenue Estimates - Organization
 and Operations

This bill reorganizes the Bureau of Revenue Estimates (BRE) within the Comptroller’s Office and alters the operations of BRE and the Board of Revenue Estimates. The bill requires specified reports from BRE and the Department of Legislative Services (DLS).

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$25,000 in FY 2022 and by \$5,000 annually, beginning in FY 2023 for website development and maintenance. Reporting requirements can be handled with existing budgeted resources of DLS and the Comptroller’s Office.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	25,000	5,000	5,000	5,000	5,000
Net Effect	(\$25,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires the Revenue Monitoring Committee and the Consensus Revenue Monitoring and Forecasting Group to review and evaluate candidates for BRE chief. The chief is authorized to appoint other employees in accordance with the provisions

of the State Personnel and Pensions Article, including a minimum of six analysts and one deputy chief.

By February 1, 2023 and every four years thereafter, BRE, in collaboration with the Consensus Revenue Monitoring and Forecasting Group, must submit a report to the Governor and General Assembly on the strengths and weaknesses of BRE in the preceding four years, including (1) the accuracy of BRE estimates of State revenue; (2) the impact of the revenue volatility cap on reporting; and (3) the challenges faced by BRE in forecasting State revenues.

By August 1, 2023, and every four years thereafter, DLS must submit a report to the General Assembly on BRE operations, including (1) an analysis of the transparency and usability of data and reports produced by BRE; (2) an overview of appropriations for BRE and major expenditures; (3) an analysis of the staffing needs of BRE; and (4) issues preventing BRE from carrying out its duties. The report must cover the operations of BRE during the same period as the report issued by BRE.

By July 31 of each year, the board, in coordination with the BRE chief, must schedule the board's annual meetings for March, December, and September of that fiscal year. The board may reschedule a meeting prior to five days before the meeting on the recommendation of the BRE chief. A rescheduled meeting notice must be posted on the board's website and include a statement from the chief concerning the reason the meeting is rescheduled.

BRE must submit the required March revenue estimates report by a date that allows the board to meet before the passage of the annual budget bill in the first chamber of the General Assembly to vote on the budget bill in that year. The report, along with the December and September revenue estimates reports, must be reviewed and approved by the Revenue Monitoring Committee before the estimates may be formally adopted by the board.

The bill requires the Board of Revenue Estimates to develop and maintain a website that provides (1) access to the revenue estimates, projections, and reports developed by the board; (2) a schedule of upcoming board meetings and agendas for open meetings of the board; (3) links to live video streaming of each open meeting of the board; (4) a complete and unedited archived video recording of each open meeting for which live video streaming was made available for a minimum of five years after the date of the meeting; (5) access to reports and projections of the general fund of the State and the following special funds: the Blueprint for Maryland's Future Fund; the Education Trust Fund; and the Transportation Trust Fund; (6) access to reports and projections of appropriations for, distributions from, and funds maintained by Program Open Space; and (7) any other information the board considers relevant.

Current Law:

Bureau of Revenue Estimates

BRE serves as economic staff for the Comptroller's Office and is also staff for the Board of Revenue Estimates. BRE forecasts and analyzes the State and national economies; forecasts, analyzes and monitors State revenues; and analyzes the effects of State and federal tax legislation on the State's revenues. BRE also provides updates and analyses of the State's economy, revenue performance, and revenue forecasts to the bond rating agencies prior to every bond sale and otherwise as needed.

BRE also serves as legislative staff for the Comptroller's Office on all tax bills as well as other types of legislation. BRE staff prepares fiscal notes for all legislation on taxes administered by the Comptroller's Office and acts as a primary contact with legislative staff on tax and revenue issues. BRE staff attends hearings on tax bills, and prepares and gives testimony representing the Comptroller's Office on matters of tax legislation.

BRE prepares economic and revenue data for each of the State's bond offerings. BRE estimates the impact of any changes to the federal Internal Revenue Code on State revenues and reporting that impact to the Governor and the General Assembly within 60 days.

The Board of Revenue Estimates

The Board of Revenue Estimates is responsible for estimating State revenues, and consists of three *ex officio* members: the Comptroller of Maryland, the State Treasurer, and the Secretary of Budget and Management. The board reviews the findings and recommendations of the Consensus Revenue Monitoring and Forecasting Group. The BRE chief serves as executive secretary for the board.

State Fiscal Effect: General fund expenditures for the Comptroller's Office increase by approximately \$25,000 in fiscal 2022 and by \$5,000 annually, beginning in fiscal 2023 for developing and maintaining the required website for the Board of Revenue Estimates.

The bill specifies that the BRE chief must appoint at least six analyst positions. Currently there are four analysts on the BRE staff. The Comptroller's Office advises that it has identified and is reallocating two position identification numbers (PIN) from other divisions of the Comptroller's Office to BRE in order to increase the number of analysts from four to six as required by the bill. Funding for these PINs will come from the agency's existing budgeted resources.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 314 (Senators McCray and Elfreth) - Budget and Taxation.

Information Source(s): Comptroller's Office; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510