

Pages will please distribute Amendment B, B for Baker. This will be Amendment No. 2.

The Clerk will read the amendment.

READING CLERK: Amendment No. 3 to Committee Recommendation SF-4, by Delegate Grumbacher: On page 2 section 6.01, State Indebtedness, strike out the last sentence beginning with the word "All" in line 10 and extending through the word "house." in line 17.

THE CHAIRMAN: The amendment has been submitted by Delegate Grumbacher.

Is there a second?

*(Whereupon, the motion was seconded.)*

THE CHAIRMAN: The amendment having been seconded the Chair calls on Delegate Grumbacher.

DELEGATE GRUMBACHER: Mr. Chairman, members of the Committee, I will make my presentation as brief as Delegate Mentzer's, but I hope not end up the same way.

This amendment deletes the section which puts a limitation upon the years that the legislature can authorize debt. The problem that has faced me in listening to the debated has been that rather consistently people have talked about the legislature doing this. It is really the legislature and the governor who will set the pattern of debt for this State, not the legislature alone.

With the increasing sophistication of both the Governor and his fiscal authorities and the legislature and their advisors, I think the doubts and worries we have about them going down the garden path are not really worth worrying about.

The advantage to extending the debt, a major one, is that the counties could do for themselves, could use the State's credit for such things as water and sewer systems, 25 years is not enough for them in many cases.

I would like to join the majority and the minority on this last thing in selective quotation, selective citation. From Moody's Investors Services, credit status involves consideration of a much larger number of factors and, of course, depends even more on what the government does than on what it may be empowered to do. Students of government have seen any number of ingenious methods of financing which were not envisioned by drafters of constitutions.

From another organization who asked it not be named, who does a great deal of

work in this field, and is nationally known for it, it says that the present limitations under readily conceivable circumstances could become unduly restrictive and then elicit a remedial action which could be detrimental.

Facts are very difficult to come by. We hear opinions consistently, continuously on these subjects. However, in comparing the restrictiveness of constitutions to the ratings held by the various states I have found that there is almost no correlation among these states which have double A and triple A ratings. Those which have the lower ratings have a substantial tendency toward more restrictive constitutions. In other words, the moment you become more restrictive you are asking the legislature and the governor to hunt for different ways and more costly ways to finance the government.

We do not know what the future financing pattern will be in this country, we do not know how money will be raised in the future for any great length of time. Let us instead give some flexibility, some real flexibility to the governor and the legislature in setting our own financial pattern.

THE CHAIRMAN: Delegate Sherbow.

DELEGATE SHERBOW: Mr. Chairman, ladies and gentlemen of the Committee, I hope you will vote against this amendment. This provides no restriction whatsoever. It is open end. There is no maturity limitation. It is against everything that Maryland has ever stood for in the way of fiscal responsibility. I hope you will vote no.

THE CHAIRMAN: Is there any further discussion?

*(There was no response.)*

Are you ready for the question?

*(Call for the question.)*

The Clerk will ring the quorum bell.

The question arises on the adoption of Amendment No. 3. A vote Aye is a vote in favor of the amendment. A vote No, a vote against.

Cast your vote.

Has every delegate voted? Does any delegate desire to change his vote?

*(There was no response.)*

The Clerk will record the vote.

There being 17 votes in the affirmative and 79 in the negative, the motion is lost and the amendment is rejected.