

tax if the governor's capital budget is reduced. I would want to go over this with Mr. Lewis and others of our Committee, because if there is any clarification that is needed, I would like to be sure of the grounds that we are talking about.

DELEGATE J. CLARK (presiding): Delegate Grumbacher.

DELEGATE GRUMBACHER: The reason I brought this up was to make sure we got into the record exactly what we meant on this, so the legislature will understand the meaning of it.

DELEGATE SHERBOW: Delegate Grumbacher, at the proper time we are endeavoring to clarify this, because your question does raise a point about which there may be a doubt.

DELEGATE J. CLARK (presiding): The Chair recognizes Delegate Bamberger.

Do you still wish the floor?

DELEGATE BAMBERGER: Mr. Chairman, I would like to discuss more on section 6.11, because I think it does make substantial change in the present practice.

As I understand the present practice, the governor submits a budget for proposed capital expenditures which will be supported by a tax on real estate at a rate to be fixed by the Board of Public Review to raise the necessary revenue. If under the present practice the General Assembly may add capital expenditures to that budget, without legislating any particular tax source, the result only being that the rate finally fixed by the Board of Public Works is increased by the amount of that capital expenditure added by the General Assembly, is it true that this section 6.11 allows the executive to submit a budget for capital expenditures which is not financed by any particular tax source, but is financed by the general taxing power of the State and the full faith and credit of the State, but that if the General Assembly desires to add to those capital expenditures, they must devote to that some new tax or new revenue from an existing tax?

DELEGATE J. CLARK (presiding): Delegate Sherbow.

DELEGATE SHERBOW: I have to go back.

When the governor submits his capital budget program, that portion of it which is to go into effect in the next fiscal year must carry with it a taxing program to take care of whatever may be interest and

amortization requirements. There well may be none for that next fiscal year. It may not be any, except for interest. Amortization may not begin for two more years thereafter, but the budget must be in balance.

To the extent that the taxes are required, they must be there.

DELEGATE J. CLARK (presiding): Delegate Bamberger.

DELEGATE BAMBERGER: If the legislature wants to add any capital expenditures, they must either enact a new tax or increase the rate of some existing tax to finance that expenditure; is that correct?

DELEGATE SHERBOW: Yes. But here I have this problem raised by Delegate Grumbacher.

What we have said is that capital appropriations submitted to the General Assembly by the governor must necessarily be supported by revenues sufficient to cover debt service, and the General Assembly is required to provide tax revenue that is necessary to pay the debt service on any capital appropriations that are in addition to or exceed those submitted to the General Assembly by the governor.

He has raised the point that if the General Assembly has cut out some of that which the governor has put in, what happens under those circumstances? Do they have to provide that additional tax?

On this I want to be certain of my ground later when I have looked into this and talked it over.

DELEGATE J. CLARK (presiding): Delegate Bamberger.

DELEGATE BAMBERGER: I understand Delegate Grumbacher's question. But that is not my question.

Let us assume that the General Assembly does not delete or reduce any part of the capital appropriations bills submitted by the governor, but adds to it. It is perfectly clear they are adding to it.

In order to do that they must, in departure from the present practice, either levy a new tax or increase the rate of some existing tax.

DELEGATE SHERBOW: They are required to provide the tax revenue necessary to pay that debt service. That is not a departure from the present practice.

DELEGATE J. CLARK (presiding): Delegate Bamberger.