House Bill 134 presents an extraordinary significant and difficult constitutional question regarding the ability of the General Assembly to allocate State revenues outside the budget: May the General Assembly, by the passage of a bill that is not an appropriation bill, divert State general tax revenues to one or more of the political subdivisions?

Maryland is now a model of fiscal integrity among the states. That was not always the case. Indeed, although there are many reasons for Maryland's fiscal pre–eminence, not the least of which is the fiscal prudence of the Executive and Legislative Branches, the single most consistently acknowledged factor – the heart and foundation of the State's fiscal integrity – is the strong executive budget system that was put into place by a 1916 amendment of the Constitution known as the Budget Amendment.

"Maryland had no orderly system of planned public expenditures in the years before the Budget Amendment." Kelly v. Marylanders For Sports Sanity, 310 Md. 437, 453 (1987). As the Court of Appeals in another case described the situation:

> Appropriations for various purposes were made piecemeal by the General Assembly, each project receiving independent consideration without relation to other claims upon the public purse. In earlier times, when the range and scope of state activities were limited, this planless procedure was not seriously objectionable, for it was nevertheless not impossible for members of the legislature to have a fairly clear grasp of the state's fiscal operations. Eventually, however, with the growth in the size and complexity of governmental programs and machinery, embarrassing deficits occurred.

McKeldin v. Steedman, 203 Md. 89, 96 (1953).

In 1916, the Goodnow Commission studied the fiscal problems of the State, found that the excess of expenditures over receipts was ample proof that the methods of making appropriations then in force were defective, and proposed an executive budget system "designed to bring about a fundamental change in State appropriations." 203 Md. at 145–46. "The heart of the scheme," wrote the Court of Appeals "is to impose upon the Governor the sole responsibility * * * of presenting to the legislature a complete and comprehensive statement of the needs and resources of the State ....". If the Legislature wanted "to make provision for any purpose not included in the Governor's plan," it could do so, "but on the condition that it provide for the revenue which the accomplishment of its purpose necessitates." 203 Md. at 97 (quoting Goodnow Commission Report).

Thus, the Constitution requires that "[e]very appropriation bill shall be either a Budget Bill, or a Supplementary Appropriation Bill." Article III, § 52(3). Furthermore, the budget, as prepared and proposed by the Governor, is to contain "a complete plan of proposed expenditures and estimated revenues." § 52(4). "The Budget and the Budget Bill as submitted by the Governor to the General Assembly shall have a figure for the total of all proposed appropriations and a figure for the total of all estimated revenues available to pay the appropriations, and the figure for total proposed appropriations shall not exceed the figures for total estimated revenues ...." § 52(5a). With certain exceptions not material here, the General Assembly may not increase the