

VEToes

TITLES AND MESSAGES

Senate Bill No. 52—Surplus General Funds

AN ACT to add a new Section 18A to Article 15A of the Annotated Code of Maryland (1951 Edition and 1954 Supplement), title "Budget and Procurement", sub-title "Budget Bureau", to follow immediately after Section 18 thereof, providing for the disposition of any surplus funds ~~remaining~~ IN EXCESS OF THE SUM OF \$2,000,000 WHICH REMAIN in the general funds of the State Treasury after any fiscal year.

May 9, 1955.

Honorable Louis L. Goldstein
President of the Senate
State House
Annapolis, Maryland

Dear Mr. President:

Senate Bill 52 would require the Board of Public Works to apply any surplus general funds at the end of a fiscal year, in excess of \$2,000,000.00 "to the payment of authorized current capital expenditures or in lieu of the issuance of certificates of indebtedness that have been authorized". The use of any portion of such surplus over \$2,000,000.00 for general state purposes would be prohibited. The bill would not become effective until July 1, 1956.

State fiscal officials disapprove the bill. It is another example of advance legislation against an indefinite future fiscal situation which cannot be accurately determined until the 1956 session. More important it would appear impracticable to be forced to present new revenue proposals to the Legislature to raise comparatively minor amounts to balance the budget when an existing surplus from the previous year's activity could be utilized. Surplus funds, not needed for balancing the next budget, have been used for tax reductions, both in general fund taxes and in the real estate tax devoted to supporting the capital improvement bond issues. Moreover, it should be noted that we are no longer in an era of mounting surplus accumulations, but are faced with serious revenue raising problems, as the State's fixed obligations under existing law for such items as public schools, the pension fund and similar charges, automatically increase while the cost of government generally also mounts.

Under all the circumstances, I believe that Senate Bill 52 is unwise and unnecessary, and I have therefore vetoed it.

Respectfully,

(s) THEODORE R. MCKELDIN,
Governor