

WILLIAM DONALD SCHAEFER, Governor

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 1987.

June 2, 1987

The Honorable R. Clayton Mitchell, Jr.
Speaker of the House of Delegates
State House
Annapolis, Maryland 21404

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 1516.

This bill would amend Section 7-310 of the State Finance and Procurement Article, which was enacted by the General Assembly in 1986 as Chapter 655 of the Acts of 1986. Chapter 655 creates the Dedicated Purpose Account of the State Reserve Fund. The Governor is authorized to include appropriations to the Dedicated Reserve Fund in his budget either for a specific purpose, described as appropriations "for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain", or for a general purpose, described as appropriations to meet "expenditure requirements which may be impacted by changes in federal law or fiscal policies, or other similar contingency situations." Chapter 655 requires that the Governor provide prior notice to the Legislative Policy Committee of any budget amendment that would transfer funds from the Dedicated Purpose Account to any agency account where the funds had been appropriated for a specific purpose, and that the Governor provide prior notice to the Budget Committees of any budget amendment transferring funds that had been placed in the Dedicated Purpose Account for a general purpose.

It is my understanding that Chapter 655 was enacted after extensive discussions between the Governor's Budget Secretary and members of the General Assembly concerning the demands created by the savings and loan crisis and the then uncertain shape of both the federal tax reform, which could have resulted in reduced state revenues, and the federal deficit reduction movement, which could have resulted in major reductions in federal dollars for State programs. The 1986 General Assembly approved appropriations of \$15 million to the Dedicated Reserve Account for the savings and loan crisis, and another \$4 million of appropriations, contingent on receipts from the Environmental Trust Fund, which were used for low income weatherization programs.