

May 26, 1994

The Honorable Casper R. Taylor, Jr.  
Speaker of the House of Delegates  
State House  
Annapolis, Maryland 21401

Dear Speaker Taylor:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 947.

House Bill 947 would require that, beginning with the 1995 Regular Session of the General Assembly, executive branch agencies prepare an economic impact rating and an economic impact analysis for all legislation to be introduced by the Administration, or by the agency, that would have an impact upon small business. Beginning with the 1996 regular session, the Department of Fiscal Services (DFS) would be required to prepare an economic impact rating and economic impact analysis for all bills introduced by a member of the General Assembly, that would have an impact upon small business.

I applaud the contribution that small business makes to the economy of the State and would embrace any reasonable effort to enhance the ability of small business to avoid unreasonable and unwarranted economic burdens created by the State. However, I do not believe that the provisions contained in House Bill 947 are a feasible or cost effective way to achieve that goal. The Department of Fiscal Services estimates that performing these analyses will cost the Department of Economic and Employment Development \$89,000 beginning in Fiscal Year 1995. Further, when the Department of Fiscal Services begins conducting these analyses for the 1996 session, the annual cost for the first year will be approximately \$175,000.

I believe that House Bill 947 represents a significant departure from the existing process of determining the fiscal impact of legislation, and would impose an unnecessary and unreasonable burden on the legislative process. The bill presumes that small business speaks with one voice. Small business in Maryland is so diverse that it would be difficult, at best, to quantify the costs and benefits of any given legislative proposal, without the benefit of detailed and specific input from individual businesses. The requirement that executive branch agencies collaborate with DFS to develop a single statement that must provide a detailed evaluation of issues such as: (1) the cost of providing good and services; (2) the effect on the work force or cost of housing; (3) efficiency in production and marketing; and (4) capital investment, taxation competition, economic development, or consumer choice, is an enormous expectation. Many people would have to be consulted in the preparation of that statement, including units of State and local government and business, trade, consumer, labor and other groups. In the framework of the legislative process, it is unlikely that such an extensive evaluation could be completed in the very short period of time available. This could have the unintended effect of increasing the likelihood of enactment of legislation that may result in unforeseen or unanticipated costs to small businesses.

I believe that the existing legislative process invites participation from all affected parties, and gives business organizations full opportunity to bring information relating to potential