



LAWRENCE J. HOGAN, JR.
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

**STATE RESERVE FUND
FY 2016 Budget Hearing**

**Testimony of
David R. Brinkley, Secretary
Department of Budget and Management**

**House Appropriations Committee
February 6, 2015**

Chairman McIntosh and members of the Committee, thank you for this opportunity to respond to the Department of Legislative Services (DLS) analysis of the State Reserve Fund budget. The Administration concurs with DLS's recommendations regarding repeal of the prior year transfer tax repayment and the effective date of the repayment to the Local Income Tax Reserve Account.

ISSUES:

Local Income Tax Reserve Account Transfers Repayment

As noted in the analysis, Governor Hogan's FY 2016 budget plan repays the proposed FY 2015 transfer from the Local Income Tax Reserve Account. The Administration urges the General Assembly to honor that repayment commitment. Beyond this planned repayment, the Administration is evaluating the impact and implications of prior transfers and non-repayments from the Local Income Tax Reserve Account. Any recommendations regarding the unfunded liability in the Account are forthcoming.

Rainy Day Fund Use and Replenishment Options

As noted in the analysis, the Rainy Day Fund is funded at the 5% statutory level in FY 2016. The Administration is available to work with the General Assembly as it considers any legislation or committee narrative related to the Rainy Day Fund and the use of the Rainy Day Fund.

~Effective Resource Management~

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