

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 663

(Delegate Elmore, *et al.*)

Environmental Matters

Education, Health, and Environmental
Affairs

**Maryland Historical Trust - Historic Preservation Loan Fund - Refinancing
Properties**

This bill expands the uses of the Historic Preservation Loan Fund of the Maryland Historical Trust (MHT) to authorize loans for refinancing historic properties.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: None. The bill expands the uses for existing funds but does not increase total expenditures.

Local Effect: Potential minimal increase in revenues to the extent that local governments receive additional loans.

Small Business Effect: Small nonprofit organizations or businesses that qualify for loans provided by the bill would benefit.

Analysis

Current Law: The MHT Loan Fund may provide loans to nonprofit organizations, local jurisdictions, businesses, and individuals for acquiring, rehabilitating, or restoring historic properties, which are defined as those listed on, or eligible for, the National Register of Historic Places. It also provides short-term financing for studies, surveys, and engineering services related to work required or recommended by MHT or the State Historic Preservation Officer. The short-term financing only applies to a construction

project being funded with federal or State monies. The fund also covers administrative costs directly related to the program and provides funds to buy historic properties for MHT or restore historic properties owned by MHT. Successful applicants must convey a perpetual historic preservation easement to MHT.

Background: The MHT Loan Fund is generally supported by PAYGO special funds and general obligation bonds. The proposed fiscal 2005 allowance for the fund is \$200,000 in PAYGO special loan funds and \$250,000 in general obligation bonds, in addition to an estimated fund balance of \$217,000. Loans average \$100,000 per project, with some loans as large as \$300,000. The low-interest loans are available on a first-come, first-served basis throughout the year. In fiscal 2003, the program closed one loan for \$153,500 and incurred \$51,131 in administrative expenses. The Department of Housing and Community Development (DCHD) allocates 15% of projected loan activity to cover administrative costs each year.

The National Register recognizes districts, buildings, structures, objects, and sites for their significance in American history, archeology, architecture, engineering, or culture, and identifies them as worthy of preservation. There are approximately 1,300 National Register listings in Maryland, including 183 historic districts.

State Fiscal Effect: DHCD could implement the provisions of the bill with existing resources. To the extent that the bill increases the number of eligible projects for loan awards, the availability of State loan funds could diminish more quickly.

Additional Information

Prior Introductions: An identical bill was introduced as HB 1178 in the 2003 session and passed the House. The Senate Finance Committee heard the bill but took no action.

Cross File: None.

Information Source(s): Department of Housing and Community Development, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2004
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