

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 623 (Senator Giannetti)  
Budget and Taxation

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**State-Owned Property - Leases or Licenses**

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This bill permits units of State government to execute leases or licenses of State-owned property without the prior approval of the Secretary of General Services if the rent for the entire term of the lease or license, excluding options, is less than \$200,000. The bill also requires unit heads to submit annual reports of leases and licenses executed under this bill to the Board of Public Works (BPW).

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**Fiscal Summary**

**State Effect:** Potential significant general fund revenue loss due to disadvantageous leases and licenses. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Leases of State-owned property must be executed by a unit of State government and approved by the Secretary of General Services. The Secretary is assisted by the Department of General Services' (DGS) Office of Real Estate. The office is responsible for establishing policy and coordinating the acquisition, disposal, valuation, and leasing of real property for all State agencies except the Maryland Department of Transportation. The office coordinates with other DGS master planning components to maximize the effective use of assets owned and leased by the State. Leases of State-owned property must include provisions that prohibit subleasing without the approval of

BPW. The Administrator of the State Highway Administration (SHA) may only execute leases of State-owned property under SHA's jurisdiction if the lease is entered into on a 30-day renewable basis, and the duration of the tenancy does not exceed one year.

**State Fiscal Effect:** DGS advises that agencies may not have sufficient expertise in the market valuations needed to execute the most advantageous terms for leases or licenses of State-owned property and that the bill would have a significant negative effect on the State. The Department of Legislative Services believes that revenue loss from disadvantageous leases or licenses could be significant, but that no reliable estimate is possible. The degree to which revenue is reduced would depend on the scope and volume of leases and licenses, and the inability of units of State governments to reach the most advantageous terms.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of General Services, Board of Public Works, University System of Maryland, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2004  
mam/hlb

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