

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 65 (Senator McFadden) (By Request – Baltimore City Administration)

Budget and Taxation

Natural Resources - Program Open Space - Baltimore City Grants

This bill provides that a minimum of \$1.5 million of the State's share of funds under Program Open Space (POS) must be used to provide grants to Baltimore City.

Fiscal Summary

State Effect: None. Existing State POS funds would be used to provide the special POS grant to Baltimore City.

Local Effect: State aid to Baltimore City would increase by \$1.5 million annually beginning in FY 2006. The proposed FY 2006 State budget does not include funding for the special Baltimore City POS grant.

Small Business Effect: None.

Analysis

Current Law: POS, established in 1969, provides funds for State and local acquisition and development of public outdoor recreation sites, facilities, and open space. POS is statutorily funded through special funds derived from the State's real estate property transfer tax. POS funding is distributed evenly to the State and local governments. A portion of the State's share of funds under POS must be used to make grants to Baltimore City for projects that meet park purposes. Baltimore City also receives an allocation from the local share of funds under POS.

Background: In recent years (fiscal 1999-2005), the direct grant to Baltimore City from the State's share of POS funds has totaled \$1.5 million annually. The fiscal 2005 budget as introduced by the Governor did not provide funding for Baltimore City from the State's share of POS funds. An uncodified section of the Budget Reconciliation and Financing Act of 2004 (Chapter 430) allocated \$1.5 million of any additional fiscal 2004 overattainment to Baltimore City for fiscal 2005.

The Governor's proposed fiscal 2006 budget includes \$172.4 million in special funds for POS (\$93.8 million for State projects and \$78.6 million for local projects); however, it contains restrictive language that specifies that such funds shall be reduced by \$139.2 million (\$77.9 million for State projects and \$61.3 million for local projects) contingent upon the enactment of legislation to alter the allocation of property transfer tax revenue. The proposed fiscal 2006 budget does not include the \$1.5 million special POS grant for Baltimore City.

As introduced, HB 148/SB 127 (the Budget Reconciliation Act of 2005) alters the allocation of property transfer tax revenue by providing that in fiscal 2006, 75% of transfer tax revenues will be allocated to the general fund and 25% will be allocated as provided under the normal statutory allocation (75.15% for POS, 1% for Land Acquisition, 17.05% for the Maryland Agricultural Land Preservation Foundation, 5% for the Rural Legacy Program, and 1.8% for the Heritage Conservation Fund). The bills also modify the allocation of transfer tax revenues for fiscal 2007 through 2009 and permanently redirect any overattainment to the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Baltimore City, Department of Budget and Management, Department of Legislative Services

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mp/hlb

Analysis by: Lesley G. Cook

Direct Inquiries to:
(410) 946-5510
(301) 970-5510