

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 749
 Appropriations

(Delegate Madaleno, *et al.*)

Budget and Taxation

State Finance and Procurement - Funding for Public Art

This bill establishes the Maryland Public Art Initiative Program (MPAIP) in order to: (1) promote the installation of artwork in public facilities in the State; (2) provide for the acquisition of public art to be owned by the State; (3) provide for the preservation of public art assets; and (4) provide for a grant fund for local governments. The bill also establishes the Maryland Public Art Fund (MPAF). The bill states the General Assembly's intent that the Governor appropriate no more than \$1 million annually in the State operating or capital budget for MPAIP beginning in fiscal 2007.

The bill takes effect June 1, 2005 and terminates on May 31, 2010.

Fiscal Summary

State Effect: General fund expenditures could increase by \$1 million annually beginning in FY 2007 for expenditures on art through MPAIP and one position at the Maryland Department of Planning (MDP). Revenues would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1,000,000	1,000,000	1,000,000	1,000,000
Net Effect	\$0	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local revenues could increase from grants from MPAF for local governments.

Small Business Effect: Artists selected for the program could have increased sales.

Analysis

Bill Summary: The Commission on Public Art is established to ensure that new public facilities constructed by State agencies include installation of artwork. The 11-member commission includes four institutional members: a representative from the Maryland State Arts Council (MSAC); a member of the Maryland Historic Trust; a member of the Commission on Artistic Property or the State Archivist; and the Comptroller or the Comptroller's designee. The Secretary of Business and Economic Development appoints the seven public members with the approval of the Governor. The public members must include representatives of the artistic community who have professional experience as artists, curators, art historians, art educators, or architects. MSAC must provide staff support for the commission.

MPAF is a special, nonlapsing fund established to satisfy the goals of MPAIP, including providing grants to State agencies and local governments. Local governments must provide a match. The matching funds may not be funded with State funds, and may not consist of real property, in kind contributions, or funds expended prior to June 1, 2005. Monies from MPAF may only be expended to award grants for the program and pay the costs necessary to administer the fund. The fund is to be administered by the commission. Expenditures from the fund may only be made in accordance with an appropriation approved by the General Assembly in the annual State budget or by an approved budget amendment.

MSAC must develop regulations to implement MPAIP. The commission must work with the Maryland Department of Transportation (MDOT), the Department of General Services (DGS), and the University System of Maryland (USM). The commission must allocate funds from MPAF to commission works of art for installation at State public facilities and establish selection panels to make recommendations for the selection of artists and artwork to be funded. The commission must make final recommendations on the allocation of MPAF funds.

All art funded under this program will be the property of the Maryland Historic Trust, which, in cooperation with DGS, will be responsible for the inventory, maintenance, and preservation of all artwork acquired through the program.

Current Law/Background: MSAC is a part of the Department of Business and Economic Development (DBED). It consists of 17 members and is charged with maintaining the programs and assets of the Governor's Council on the Arts. The purpose of MSAC is to create a nurturing climate for the arts in the State. To carry out its mission, MSAC awards grants to not-for-profit, tax-exempt organizations for ongoing arts programming and arts projects. MSAC awards grants to individual artists and provides technical and advisory assistance to individuals and groups.

MSAC also carries out programs of its own to enhance the cultural life of the residents of Maryland. MSAC receives its funds in an annual appropriation from the State of Maryland and from grants from the National Endowment for the Arts. The council may also receive contributions from private, nongovernmental sources.

In fiscal 2004, MSAC had 975 artists participating in its individual artists program and anticipates serving 1,000 artists in fiscal 2005, and 1,025 artists in fiscal 2006. This is in addition to its Folklife program, which served 65 institutions in fiscal 2004, and anticipates serving 70 in fiscal 2005, and 75 in fiscal 2006. The fiscal 2004 actual appropriation for grants and subsidies was \$10.6 million. The fiscal 2005 appropriation for grants and subsidies was \$10.3 million. The Governor's proposed 2006 budget includes an allowance of \$10.8 million for grants and subsidies in fiscal 2006.

The Maryland Historic Trust is the principal operating unit within the Division of Historical and Cultural Programs, an agency of the Department of Housing and Community Development (DHCD). It was formed in 1961 to assist in identifying, studying, and protecting the State's prehistoric and historic districts, sites, and artifacts. Chapter 440 of 2005 transferred the Maryland Historic Trust to MDP. The transfer takes effect on October 1, 2005.

The Office of Museum Services in DHCD provides financial and technical assistance to more than 300 historical and cultural museums statewide and preserves and upgrades artifacts and documents. The fiscal 2006 budget includes a \$3.4 million allowance for the Office of Museum Services, which is consistent with past appropriations.

State Fiscal Effect: Beginning in fiscal 2007, if the Governor includes funding for the program in the operating budget at the maximum suggested level, general fund expenditures would increase by no more than \$1 million annually.

If \$1 million is appropriated in fiscal 2007 and annually thereafter for the program, MDP would require one additional part-time person (a conservation administrator, grade 16) to inventory and assist in maintaining the installation of art in capital programs. In addition, there would be vehicle operation to travel to the art for assessment, insurance for the art, start-up costs, and ongoing operating expenses. MDP administrative expenditures would total \$47,369 in fiscal 2007, increasing to \$48,678 in fiscal 2010, the final year of MPAIP. It is assumed that a portion of the MPAIP funding would be used to pay MDP's administrative costs for MPAIP.

DBED advises that staffing and administrative expenses associated with the commission could be handled with existing resources. USM, MDOT, and DGS all advise that coordination and assistance to the commission could be handled with existing resources.

Local Revenues: Local governments would be eligible for grants, subject to a matching requirement. However, the amount of money available for grants to local governments is unknown at this time.

Additional Comments: Although MPAIP would terminate in fiscal 2010, the art purchased under the program would still require maintenance and preservation. Therefore, general fund expenditures would still be required after fiscal 2010 depending on the amount of art purchased by the State under MPAIP.

Additional Information

Prior Introductions: None.

Cross File: SB 793 (Senator Ruben, *et al.*) – Budget and Taxation.

Information Source(s): Department of General Services, Department of Business and Economic Development, University System of Maryland, Maryland Department of Transportation, Department of Budget and Management, Office of the State Treasurer, Department of Housing and Community Development, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2005
ncs/rhh Revised - House Third Reader - April 11, 2005
Revised - Enrolled Bill - May 2, 2005
Revised - Updated Information - May 16, 2005

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