

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 376

(Delegate Anderson, *et al.*) (By Request - Baltimore City Administration)

Appropriations

Program Open Space - Baltimore City Grants - Increase

This bill increases the minimum amount of the State's share of Program Open Space (POS) funding allocated for direct grants to Baltimore City for projects which meet park purposes, from \$1.5 million to \$6.0 million.

The bill takes effect June 1, 2016.

Fiscal Summary

State Effect: The bill does not materially affect State finances. While the bill alters the allocation of POS funding (shifting funding from State land acquisition to Baltimore City direct grants), it is not expected to alter the level of overall spending under the program.

Local Effect: Baltimore City revenues and expenditures for park projects increase by \$0.5 million in FY 2017 and by \$4.5 million annually beginning in FY 2018. The Governor's proposed FY 2017 budget already includes \$5.5 million for Baltimore City direct grants, with \$4.0 million of that amount contingent on the enactment of other legislation increasing funding for land preservation programs.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background:

Program Open Space

In General

POS acquires and improves outdoor recreation and open space areas for public use. The program also preserves unique natural areas that are home to rare and endangered species. The State's goal is to conserve these lands before unaffordable land prices or development makes the task impossible. The Department of Natural Resources (DNR) indicates that most Maryland residents live within 15 minutes of an open space or recreational area funded by POS, ranging from parks, forests, and wildlife management areas to playgrounds, tennis courts, historic sites, Chesapeake Bay water access, and other community park amenities.

POS is funded by the real estate transfer tax, through a statutory formula, but a significant amount of that funding has been transferred away from the program and other land preservation programs in recent years to help balance the State's operating budget. Those funds have been partially replaced with general obligation bond funding. DNR administers the program and allocates funding for State and local projects.

State and Local Components

POS consists of a State and a local component. The State component includes land acquisition funding, a direct grant of at least \$1.5 million to Baltimore City for park projects (which is in addition to funding the city receives under the local component of POS) and capital development funding. Capital development under the POS State component consists of DNR maintenance and repair projects at public use facilities (Critical Maintenance Projects), design and construction of development projects on DNR property (Natural Resource Development Fund), and Ocean City beach replenishment (the costs of which are shared with the federal government, Worcester County, and Ocean City).

Under the local component, DNR allocates funds among the counties according to a formula established in 1982 that is based on past grant amounts, population change, and transfer tax revenue collections in each jurisdiction. To participate in the grant process, a county submits an annual program of proposed acquisition and development projects to DNR for approval. The annual program becomes the basis for a grant agreement for the county's total annual allocation. A municipality may receive POS funds through its county. The municipality must apply to its county for consideration of proposed municipal projects along with other county projects.

For further information on POS, see the fact sheet [Program Open Space: An Overview of Land Preservation Programs in Maryland](#) (Department of Legislative Services).

Baltimore City POS Funding

The Baltimore City direct grant funding affected by the bill is the portion (at least \$1.5 million annually) of the State’s share of POS funds allocated to the city, which must be used for projects which meet park purposes. As mentioned above, Baltimore City also receives local POS funding apportioned among the counties and Baltimore City, and in recent years, additional direct grants from the State component (beyond the statutory minimum of \$1.5 million) have been made to the city. The fiscal 2016 budget includes \$1.5 million in Baltimore City direct grant funding and an additional \$2.3 million through the POS local component. The Governor’s proposed fiscal 2017 budget includes \$5.5 million in Baltimore City direct grant funding and an additional \$2.3 million through the POS local component. Of the \$5.5 million in Baltimore City direct grant funding proposed for fiscal 2017, \$4.0 million, a direct grant for Eager Park, is contingent on the enactment of specified legislation to increase funding for land preservation programs. **Exhibit 1** shows the city’s recent POS funding.

Exhibit 1
Baltimore City POS Funding
(\$ in Millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Appropriation</u>	<u>Allowance</u>
Direct Grants (State Component)	\$2.8	\$2.5	\$7.8	\$1.5	\$5.5*
Local Component	0.9	2.0	1.5	2.3	2.3

*The Governor’s proposed fiscal 2017 budget makes \$4.0 million of this amount, a direct grant for Eager Park, contingent on the enactment of specified legislation to increase funding for land preservation programs.

Source: Department of Legislative Services

DNR indicates that the \$1.5 million in minimum direct grant funding is typically used for maintenance and general operations of the Baltimore City Park System and other projects as requested by the city. Projects funded with the direct grant funding are reviewed and approved by DNR, and subsequently the Board of Public Works, in the same manner as projects funded with local POS funding.

Baltimore City's process for determining which projects are proposed for POS funding is described in the introduction to its [Consolidated Annual Program Grant Application](#). Suggestions of project sites come from city agencies, private citizens, and community organizations and sites are evaluated based on a list of various factors.

Local Fiscal Effect: Baltimore City revenues and expenditures for park projects increase by \$0.5 million in fiscal 2017, reflecting the difference between the bill's proposed \$6.0 million minimum amount of direct grant funding and the \$5.5 million in Baltimore City direct grants included in the Governor's proposed fiscal 2017 budget.

Beginning in fiscal 2018, city revenues and expenditures for park projects increase by \$4.5 million annually, reflecting the difference between the proposed \$6.0 million minimum amount of direct grant funding and the existing \$1.5 million minimum amount.

Small Business Effect: Small businesses involved in the design and construction of park development projects may meaningfully benefit from the additional funding allocated for Baltimore City direct grant funding.

Additional Information

Prior Introductions: SB 357 of 2015, a similar bill, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. Its cross file, HB 631, received an unfavorable report from the House Environment and Transportation Committee.

Cross File: None.

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

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md/lgc

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