

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 12

(Chair, Finance Committee)(By Request - Departmental -
Commerce)

Finance

Appropriations

Capital Projects - Inclusion of Public Art

This departmental bill requires, to the extent practicable and subject to waiver provisions in current law, that the State include public art in all construction projects and major renovations that are funded either (1) entirely with State funds or (2) with a combination of at least 50% State funds and funds from private entities, but not funded as a specified local initiative or miscellaneous grant program in the State capital budget, rather than limiting the requirement only to capital projects funded *entirely* with State funds. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: Potential increase in Transportation Trust Fund and higher education expenditures, as discussed below. No effect on revenues.

Local Effect: None. A capital project that receives any local funding is not affected by the bill, which applies to projects that receive only State and private funds.

Small Business Effect: The Department of Commerce has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) disagrees with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: To the extent practicable and subject to a waiver process established jointly by the Department of Budget and Management and the Department of General Services,

the State must include public art in all construction projects funded *entirely* with State funds. However, this requirement does not apply to specified unoccupied buildings. It is the intent of the General Assembly that the requirement to include public art not increase the cost of a construction project or major renovation.

Background: Many State agencies use joint ventures to fund capital projects that include at least some private funding, so many capital projects are no longer subject to the requirement to include public art. Despite the legislative intent that the requirement to include public art not increase the cost of a construction project or major renovation, for eligible projects, the public art allocation is typically calculated at 0.5% of the construction budget.

State Expenditures: The bill potentially expands the public art requirement to include joint ventures carried out by State institutions of higher education and the Maryland Department of Transportation. Though these projects receive some State funding, they have not been subject to the public art requirement in the past because they also receive some combination of federal and private funds and, therefore, are not entirely funded by the State. The number of projects affected by the bill cannot be determined in advance because their share of State funds is not known.

In the case of the joint ventures mentioned above, total project costs may increase by approximately 0.5%, with those costs potentially borne at least in part by the State agencies involved with the projects.

Small Business Effect: The Department of Commerce advises that the bill has a meaningful positive effect on the demand for art to be included in State-funded capital projects. DLS concurs that the bill increases demand for public art, but in the absence of a reliable estimate of the number of capital projects affected by the bill, it is unclear whether any such increase will be meaningful.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Commerce; Department of Budget and Management; Department of General Services; Maryland Association of Counties; Department of Legislative Services

Fiscal Note History:
an/ljm

First Reader - January 21, 2019
Third Reader - March 18, 2019
Revised - Amendment(s) - March 18, 2019
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Public Art Initiative Program – Revisions

BILL NUMBER: SB 12

PREPARED BY: Mikra Krasniqi, Economist, Department of Commerce

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation would modify the existing Maryland Public Art Initiative by making it apply to capital projects that are funded *50 percent* with State funds as opposed to projects that are funded solely with State funds. The change seeks to add more eligible projects for public art installations, which attract visitors and generate additional income for the jurisdictions where these projects take place.

In general, public art is seen as beneficial as it adds social, cultural and economic value to the city and community where is installed. Besides creating vibrancy, enriching the identity of the place and attracting visitors, public art installation also increases the visibility of artists and their role in designing buildings and public places. Public art, such as the 9/11 Memorial of Maryland at the World Trade Center in Baltimore, can also become a place of education, inspiration and reflection on common values and memories that shape collective identity.

Adding more eligible projects for public art, as this proposal seeks to do by modifying the current statute, creates further opportunities for small businesses—hotels, restaurants, cafes, parking, etc.—to sell their products and services to locals and visitors who frequent art installations. Previous research on economic impact of arts has shown that public art installations remain among the most popular places for visitors who tend to extend their visits and spend more time in places where there are more art, monuments, and other cultural installations. This legislation would only add more opportunities to enhance this positive impact.