

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1055  
Appropriations

(Delegate B. Barnes)

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**Capital Budget - Legislative Initiatives - Alterations**

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This bill (1) specifies that the Board of Public Works (BPW) is not required to approve the expenditure of general obligation (GO) bond proceeds for legislative bond initiative grants authorized in the 2019 and 2020 capital budget bills for which the total authorized amount is less than \$500,000 and (2) repeals matching fund certification requirements for legislative bond initiative grants authorized in the 2019 and 2020 capital budget bills. The bill further specifies that the Department of General Services (DGS) must notify the recipient of a legislative bond initiative grant within 90 days of the effective date of the enabling act and, on receipt of a completed grant application, (1) promptly request that BPW approve the expenditure of the grant funds or (2) if the total amount authorized for the grant is less than \$500,000, notify the Comptroller to expend the money. Finally, the bill makes various conforming changes. **The bill takes effect June 1, 2021.**

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**Fiscal Summary**

**State Effect:** As the bill generally streamlines release of funds to grant recipients, the Comptroller's Office and BPW benefit from operational efficiencies. Although DGS likely must process approvals more quickly, which may strain resources temporarily, it is assumed that the bill's changes can be implemented within existing budgeted resources. State finances are not otherwise materially affected.

**Local Effect:** The disbursement of grant funds to local government grantees may be accelerated due to the removal of specified approval and certification requirements. Local government finances are not otherwise materially affected.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** On notice by DGS, the Comptroller must expend money from the State and Local Facilities Loan Fund for any expenditure authorized by an enabling act for which the total authorized amount is less than \$500,000, regardless of whether the bonds have been sold to specifically fund the enabling act. The bill further specifies that BPW approval is not required for a contract to spend the proceeds of a GO loan if the total amount of the expenditure authorized by the enabling act is less than \$500,000.

**Current Law:** Proceeds from the sale of State GO bonds are deposited in the State and Local Facilities Loan Fund. On approval by BPW, the Comptroller may expend money from the fund for any expenditure authorized by an enabling act, regardless of whether the bonds have been sold to specifically fund that enabling act.

Section 8-301 of the State Finance and Procurement Article specifies that, except as otherwise provided by law, a contract to spend the proceeds of a GO loan that has been authorized by any act of the General Assembly may not be executed until BPW approves the contract. Language in the annual capital budget bill also requires BPW approval for the expenditure of proceeds from the sale of bonds authorized in the capital budget bill.

In addition, language in the annual capital budget bill specifies requirements related to the provision and certification of matching funds for legislative bond initiative grants. When matching funds are required, a grantee generally must present evidence of a matching fund to BPW within two years of the authorization for State debt. The 2019 and 2020 capital budget bills require (in Section 1) that specified grantees provide evidence of matching funds by June 1, 2021, and June 1, 2022, respectively.

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## Additional Information

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Department of Budget and Management; Department of General Services; Board of Public Works; Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2021  
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