

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 867
 Appropriations

(Delegate Smith)

Education, Health, and Environmental Affairs
 and Budget and Taxation

Baltimore Regional Neighborhood Initiative Program Fund

This bill makes permanent the annual mandated appropriation of \$12.0 million for the Baltimore Regional Neighborhood Initiative Program Fund. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: No effect in FY 2022. Pay-as-you-go (PAYGO) general fund expenditures increase by \$9.0 million annually from FY 2023 through 2026. PAYGO general fund expenditures increase by \$12.0 million annually beginning in FY 2027, as discussed below. Special fund revenues to the existing fund and expenditures from the fund increase commensurately. The Department of Housing and Community Development can continue to administer the program with existing resources. **This bill makes permanent a mandated appropriation beginning in FY 2023.**

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$0	\$9.0	\$9.0	\$9.0	\$9.0
SF Expenditure	\$0	\$9.0	\$9.0	\$9.0	\$9.0
PAYGO GF Exp.	\$0	\$9.0	\$9.0	\$9.0	\$9.0
Net Effect	\$0.0	(\$9.0)	(\$9.0)	(\$9.0)	(\$9.0)

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

Local Effect: Although the bill does not directly affect local government operations or finances, the bill may result in an increase in local revenues from increased economic redevelopment in the Baltimore region.

Small Business Effect: Meaningful.

Analysis

Current Law: Chapter 29 of 2016 established the Baltimore Regional Neighborhood Initiative Program. The program provides strategic investment in local housing and businesses and focuses on areas where modest investment will have an appreciable neighborhood revitalization impact. Funds may be used for operating costs necessary to implement various community enhancement projects throughout the Baltimore region, including (but not limited to) down payment assistance for homebuyers to purchase and rehabilitate homes, workforce and employment development programs, and strategic demolition. Projects must be located in designated sustainable communities in Baltimore City or in the inner-beltway communities of Baltimore or Anne Arundel counties. For fiscal 2020 through 2022, the Governor is required to include an appropriation of \$12.0 million annually to the Baltimore Regional Neighborhood Initiative Program Fund. The Governor's proposed fiscal 2022 capital budget includes \$12.0 million for the fund.

State Fiscal Effect: As the General Assembly cannot mandate appropriations in the capital budget, this analysis assumes that PAYGO general funds are used to meet the bill's funding requirement. Although the bill mandates ongoing spending of \$12.0 million annually beginning in fiscal 2023, the fiscal 2022 capital budget, as submitted by the Governor, projects ongoing PAYGO general fund expenditures of \$3.0 million annually to the fund beginning in fiscal 2023 (after the current mandate expires). However, it is unknown if successive capital budgets beginning in fiscal 2027 will continue to include \$3.0 million annually for the fund. Therefore, PAYGO general fund expenditures increase by \$9.0 million annually from fiscal 2023 through 2026 and are assumed to increase by \$12.0 million annually beginning in fiscal 2027.

Special fund revenues to and expenditures from the fund increase correspondingly each year. To the extent any additional loans are made under the program due to the additional funding mandated by the bill, special fund revenues increase further from loan repayments.

Local Fiscal Effect: Making the existing mandated appropriation permanent does not have a direct effect on local government operations or finances, but local revenues (*e.g.*, residential and commercial property tax revenues) may increase from economic development initiatives funded by the program.

Small Business Effect: Small businesses that are able to secure funding under the program may be able to maintain or expand their activities as a result of the additional funding provided by the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 699 (Senator McCray) - Education, Health, and Environmental Affairs and Budget and Taxation.

Information Source(s): Department of Budget and Management; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2021
rh/mcr Third Reader - March 26, 2021
Revised - Amendment(s) - March 26, 2021

Analysis by: Thomas S. Elder

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