

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1334
 Appropriations

(Delegate Smith)

Budget and Taxation

Housing and Community Development – Continuing the CORE Partnership
 Fund – Extension

This bill extends indefinitely the Continuing the CORE Partnership Fund in the Department of Housing and Community Development (DHCD) and requires the Governor, for fiscal 2026 and each fiscal year thereafter, to include in the annual budget bill an appropriation of \$50.0 million to the fund. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: No effect in FY 2024 or 2025. Pay-as-you-go (PAYGO) general fund expenditures increase by \$50.0 million annually beginning in FY 2026 due to the mandated appropriation, as discussed below. To the extent PAYGO general funds replace general obligation (GO) bonds that otherwise would be appropriated to Project CORE, those GO bonds are available for other capital projects, as discussed below. **This bill establishes a mandated appropriation beginning in FY 2026.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
PAYGO GF exp	0	0	50.0	50.0	50.0
Net Effect	\$0.0	\$0.0	(\$50.0)	(\$50.0)	(\$50.0)

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

Local Effect: The bill is not anticipated to materially affect Baltimore City finances or operations, as discussed below.

Small Business Effect: None.

Analysis

Current Law:

Project CORE and the Continuing the CORE Partnership Fund

On January 5, 2016, Governor Lawrence J. Hogan, Jr. and Baltimore City Mayor Stephanie Rawlings-Blake announced Project CORE (Creating Opportunities for Renewal and Enterprise) as a multi-year State-city partnership to demolish thousands of vacant buildings in Baltimore City and replace them with green space and economic development projects. DHCD, the Maryland Stadium Authority (MSA), and Baltimore City entered into a memorandum of understanding on February 10, 2016.

Chapters 639 and 640 of 2018 established the Continuing the CORE Partnership Fund within DHCD. The fund is a special, nonlapsing fund with the stated purpose of assisting DHCD, in conjunction with MSA and Baltimore City, in expeditiously removing blighted property within Baltimore City. The fund consists of money appropriated in the State budget to the fund any other money from any other source accepted for the benefit of the fund. The fund may be used for administrative expenses. For fiscal 2020, the Governor was explicitly authorized to include in the annual budget bill an appropriation of \$30.0 million to the fund. For fiscal 2021 through 2024, the Governor was explicitly authorized to include in the annual budget bill an appropriation of \$25.0 million to the fund. Chapters 639 and 640 terminate June 30, 2024.

DHCD advises that since the fund's inception it has never received funding, but that Project CORE is operated with GO bond proceeds through the Strategic Demolition and Smart Growth Impact Fund, as discussed below. Additional information regarding Project CORE can be found [here](#).

Strategic Demolition and Smart Growth Impact Fund

Chapter 30 of 2016 established the Strategic Demolition and Smart Growth Impact Fund within DHCD. The fund is a special, nonlapsing fund, the stated purpose of which is to provide grants and loans to assist in predevelopment activities, including interior and exterior demolition, land assembly, architecture and engineering, and site development for revitalization projects in designated areas of the State. The fund may only be used to provide grants and loans for such activities to government agencies and community development organizations in an area designated as a sustainable community or a qualified opportunity zone. The fund consists of (1) money appropriated in the State budget to the fund; (2) repayments of loans made from the fund; (3) interest earnings of the fund; and (4) any other money from any other source accepted for the benefit of the fund. To be eligible for a grant or loan from the fund, a government agency or a community

development organization is not required to provide evidence of a matching fund. DHCD must award grants and loans from the fund on a competitive basis. The fiscal 2025 capital and operating budgets as passed by the General Assembly include \$30.0 million in GO bond proceeds and \$30.0 million in PAYGO general funds for the fund; DHCD advises that \$50.0 million of that amount (\$25.0 million in GO bond proceeds and \$25.0 million in PAYGO general funds) is for Project CORE. The five-year *Capital Improvement Program* (CIP) includes \$60.0 million annually in GO bond proceeds for the fund through fiscal 2029 (\$50.0 million of which is for Project CORE).

State Fiscal Effect: As noted above, the fiscal 2025 capital and operating budgets as passed by the General Assembly include a total of \$50.0 million in GO bond proceeds and PAYGO general funds for Project CORE through the Strategic Demolition and Smart Growth Fund; the CIP also includes \$50.0 million annually in GO bond proceeds for Project CORE through fiscal 2029.

The bill requires the Governor, for fiscal 2026 and each fiscal year thereafter, to include in the annual budget bill an appropriation of \$50.0 million to the Continuing the CORE Partnership Fund. The Office of the Attorney General interprets “the annual budget bill” to refer only to the annual *operating* budget and further advises that the Governor cannot satisfy a funding mandate with GO bonds in the *capital* budget. Therefore, PAYGO general fund expenditures increase by \$50.0 million annually beginning in fiscal 2026 due to the mandated appropriation. However, to the extent PAYGO general funds *replace* GO bonds that otherwise would be appropriated to Project CORE (as currently planned in the CIP) to maintain current funding levels for the program, those GO bonds are available for other capital projects.

As DHCD has operated Project CORE for several years, it can continue to operate the program using existing staff.

Local Fiscal Effect: As discussed above, the CIP includes \$50.0 million annually in GO bond funding for Project CORE through fiscal 2029. To the extent PAYGO general funds replace GO bonds that otherwise would be appropriated to Project CORE, funding levels for Project CORE are maintained at the current level and there is no effect on Baltimore City. However, to the extent PAYGO general funds are appropriated *in addition to* the GO bonds included in the CIP (*i.e.*, the mandated funding *supplements* planned capital spending), Baltimore City may receive additional funding as a result of the bill’s mandated appropriation.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Department of Budget and Management; Department of Housing and Community Development; Maryland Stadium Authority; Office of the Attorney General; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2024
rh/mcr Third Reader - March 14, 2024
Revised - Updated Information - May 6, 2024
Revised - Budget Information - May 6, 2024

Analysis by: Thomas S. Elder

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