

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1250 (Chairman, Economic Matters Committee)
(Departmental - Business and Economic Development)
Economic Matters Referred to Finance

Department of Business and Economic Development

This amended departmental bill repeals the requirement that the Maryland Economic Development Commission review the budget of the Department of Business and Economic Development (DBED) prior to its submission to the Governor and General Assembly. It also requires the commission to raise private sector funds for economic development programs; these funds may only be expended through an approved budget amendment. The Office of Business Development and Resources is eliminated and all functions transferred to DBED. The bill renames the Office of International Trade the Office of International Business and the Division of Tourism and Promotion the Division of Tourism, Film, and the Arts.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Potential indeterminate increase in revenues with a commensurate increase in expenditures.

Local Effect: None.

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

Fiscal Analysis

State Effect: The bill provides that Maryland Economic Development Commission must raise private sector funds to supplement economic development programs and financial incentives to business. Under current law, the commission must raise private sector contributions for these purposes. According to DBED, the term “contributions” applies to in-kind goods or services but does not apply to monetary donations; the commission has not yet raised any funds.

Revenues could increase by an indeterminate amount due to this provision, though it is difficult to predict the success of fund-raising in this area. DBED projects that revenues would increase by \$50,000 in fiscal 1997; by fiscal 2001 projected revenues are \$146,000. However, these projections could be too high or too low depending upon a number of factors. For instance, if a few large businesses feel that a particular State marketing campaign is of great assistance to them, then funds for that particular purpose could increase significantly. However, if in the next year businesses do not see as much of a direct self-interest, funds could fall off.

It is assumed that all funds raised will be spent on economic development activities such as marketing campaigns and economic studies.

Small Business Effect: It is more likely that any such increase in economic development activities will have a minimal impact on small businesses.

Information Source(s): Department of Business and Economic Development, Department of Fiscal Services

Fiscal Note History: First Reader - March 8, 1996

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