

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 1264 (Chairman, Economic Matters Committee)  
(Departmental - Housing and Community Development)  
Appropriations Referred to Economic and Environmental Affairs

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**Department of Housing and Community Development - Reorganization**

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This amended departmental bill eliminates the Division of Community Assistance at the Department of Housing and Community Development (DHCD) and transfers community assistance programs and functions to other parts of the department. The bill creates the Division of Neighborhood Revitalization; neighborhood focused programs such as the Neighborhood Business Development Program are transferred to this division. The Commission to Save the Lighthouses is abolished and a Lighthouse Preservation Advisor is to be appointed. The Maryland Historical Trust must report to the Governor and specified committees by January 30 of each year on the financial status of the Lighthouse Preservation Special Fund.

The bill is effective July 1, 1996.

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**Fiscal Summary**

**State Effect:** The Governor's proposed FY 1997 budget reflects a reallocation of general and special funds and a reduction of \$115,100 in federal funds based on this reorganization. Since there is no contingency language in the budget, these expenditure adjustments are not contingent on the enactment of this bill. The State will incur a one-time expense for unemployment insurance of up to \$20,000.

**Local Effect:** None.

**Small Business Effect:** The Department of Housing and Community Development has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Fiscal Analysis

**State Effect:** The departmental reorganization as reflected in the fiscal 1997 budget allowance resulted in estimated savings of \$318,300. Exhibit 1 details the personnel and operating cost savings that were realized:

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Exhibit 1  
**Savings Attributable to Departmental Reorganization**

<b>Abolitions</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	<b>Total</b>
Fiscal Specialist III	35,600	0	15,300	50,900
Development Officer Supervisor	45,800	0	5,100	50,900
Development Officer II	23,800	9,500	14,300	47,600
Development Officer II	22,800	24,800	0	47,600
Human Services Specialist II	0	0	41,600	41,600
Office Secretary II	0	0	30,400	30,400
Office Secretary III	32,200	0	0	32,200
Operating Costs	4,600	4,100	8,400	17,100
<b>Total</b>	<b>164,800</b>	<b>38,400</b>	<b>115,100</b>	<b>318,300</b>

Source: Department of Housing and Community Development

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General and special fund savings have been reallocated to be used as grants by the Neighborhood Housing Services and State Community Action Grants. These grants will be administered by the Division of Neighborhood Revitalization in fiscal 1997. The federal fund savings of \$115,100 have been eliminated from the fiscal 1997 allowance due to federal grant reductions.

The expenditures in fiscal 1996 on the Commission to Save the Lighthouses were minimal; the abolition of this commission is not expected to result in any real cost savings. Likewise, the appointment of a non-compensated advisor is not expected to increase expenditures.

Due to the elimination of all seven positions, the State will incur a one-time expense of up to \$20,000 for additional unemployment insurance.

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**Information Source(s):** Department of Housing and Community Development, Department

of Fiscal Services

**Fiscal Note History:** First Reader - March 5, 1996  
ncs Revised - Small Business Impact Statement Received  
- March 14, 1996  
Revised - House Third Reader - March 28, 1996

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