

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 391 (Chairman, Economic and Environmental Affairs Committee)
(Departmental - Housing and Community Development)
Economic and Environmental Affairs

**Department of Housing and Community Development -
Operating Assistance Grants**

This departmental bill repeals the June 30, 1997 sunset provision for the operating assistance grants project in the Department of Housing and Community Development (DHCD). The grants are currently made through various programs of DHCD to nonprofit organizations that are new to housing development and need financial assistance to accumulate the capabilities needed to develop housing. Operating assistance grants may not exceed 1% of the aggregate amount of budgeted moneys in the Rental Housing Programs Fund, Homeownership Programs Fund, and the Special Loan Programs Fund.

This bill takes effect July 1, 1997.

Fiscal Summary

State Effect: State finances for the operating assistance grants would continue as discussed below.

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 businesses (attached). Fiscal Services concurs with this assessment; those nonprofit small businesses affected by the program would continue to benefit.

Fiscal Analysis

State Effect: The combined fiscal 1998 budget allowance for the three loan funds specified in the bill is \$23,085,000. The repeal of the sunset provision would result in the continued availability of \$230,850 (1% of \$23,085,000) per year in grants. The use of these funds as grants, rather than as loans that eventually would have been repaid to the department with interest, would continue to result in a loss of revenue over time. The loss of revenue would equal the amount of the grants plus any payments of interest foregone.

Information Source(s): Department of Housing and Community Development; Department of Fiscal Services

Fiscal Note History: First Reader - February 20, 1997
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