

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 393 (Chairman, Economic and Environmental Affairs Committee, *et al.*)  
(Departmental - Housing and Community Development)  
Economic and Environ. Affairs/Budget & Taxation                      Ref. to Com. & Gov. Matters

**Historic St. Mary's City Commission Act**

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This enrolled departmental bill removes the Historic St. Mary's City Commission (HSMCC) from the Department of Housing and Community Development (DHCD) and reauthorizes it as an independent unit in the Office of the Governor. The bill authorizes the new commission and the Board of Trustees of St. Mary's College to undertake joint programs and otherwise work collaboratively in order to further the missions of both institutions.

The bill takes effect July 1, 1997.

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**Fiscal Summary**

**State Effect:** The State would continue to provide an annual appropriation to HSMCC. The FY 1998 budget includes \$1.86 million for the commission, of which \$398,100 is contingent on passage of this legislation. Potential indeterminate savings by DHCD, HSMCC, and St. Mary's College.

**Local Effect:** None, as discussed below.

**Small Business Effect:** DHCD has determined that this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## **Fiscal Analysis**

**Bill Summary:** Major provisions of the bill include:

- removes HSMCC from DHCD and establishes HSMCC as an independent unit in the Office of the Governor that consists of 17 members;
- authorizes joint programs or other collaborative work by contract or other formal or informal agreement between HSMCC and the Board of Trustees of St. Mary's College;
- specifies the powers of the commission, which include cooperating with State agencies in furtherance of the purpose of the commission; and fixing, revising, and collecting rates, rents, and fees for the use of facilities at HSMCC;
- exempts HSMCC from the State Finance and Procurement Article, Division I of the State Personnel and Pensions Article, and the State Administrative Procedure Act, except as otherwise provided;
- specifies property acquisition procedures;
- authorizes HSMCC to issue bonds, bond anticipation notes, or other obligations;
- specifies provisions regarding the status, pensions, and benefits of employees of HSMCC;
- transfers any fund balance in the Historic St. Mary's City special fund to the Historic St. Mary's City Fund established by the bill;
- specifies that the Historic St. Mary's City Fund will be held by the State Treasurer, does not revert to the general fund, and that the Governor must include in the annual budget bill a general fund appropriation in an amount greater or equal to the amount of the general fund operating appropriation to the commission included in the State budget for fiscal 1998; and
- requires the commission to request the Historic St. Mary's City Foundation to undertake reconstruction of the First Roman Catholic Chapel and raise private funds for the project.

**Background:** State efforts to protect Historic St. Mary's City, the site recognized as Maryland's first capital, began in 1966 with the creation of the Historic St. Mary's City

Commission. The commission's original mission was to preserve the historic areas of St. Mary's City, to interpret findings related to the history of St. Mary's City, and to educate the public about the historical events which occurred in, or were related to, St. Mary's City. Since then, an emphasis on public educational programming and visitor attraction have also been added to the goals for St. Mary's City.

Efforts to broaden the appeal of Historic St. Mary's City as a tourist destination have not been successful. The absence of original buildings, the inaccessibility of the site, the lack of other major tourist attractions in the area, and competition from other historic areas nearby contributed to less tourist development than was anticipated. Given this situation, in April 1996 the Governor directed a Task Force on Historic St. Mary's City to consider a proposal to align Historic St. Mary's City with St. Mary's College.

**State Effect:** The bill would remove HSMCC administratively and financially from DHCD. While this would reduce DHCD's total budget by the amount appropriated for HSMCC, the State would continue to provide an annual appropriation to HSMCC. The fiscal 1998 budget includes \$1.86 million for the commission, of which \$398,100 is contingent on passage of this legislation.

It is expected that the 30.5 full-time equivalent employees of the Historic St. Mary's City Commission would continue to participate in the Employees' Pension System. Since HSMCC funds would continue to pay for participation in the pension system, there would be no effect on the State.

To the extent that DHCD currently provides administrative services, such as procurement, personnel, and accounting services, to HSMCC that are not directly reflected in HSMCC's budget, DHCD would realize administrative savings. However, many of the costs are fixed costs for DHCD and the removal of HSMCC would not result in savings. Other potential savings cannot be determined at this time.

The bill authorizes HSMCC to contract with St. Mary's College for services such as procurement, personnel, accounting, and to otherwise collaborate formally and informally on the use and exchange of expertise and resources for managerial and educational purposes. Assuming that managerial services would be provided on a contract basis with full cost recovery, there would be no net fiscal impact on St. Mary's College. To the extent that efficiencies are realized from educational collaboration, HSMCC and St. Mary's College would realize administrative efficiencies. Any savings cannot be determined at this time.

The bill provides for any Historic St. Mary's City Commission special fund balance on June 30, 1997 to be transferred to the fund established for the commission by this bill. The special

fund comprises income from Historic St. Mary's City. On June 30, 1996 the special fund balance was about \$100,000.

**Local Effect:** The bill would not directly affect St. Mary's County. However, St. Mary's County would continue to benefit from Historic St. Mary's City as the major tourist attraction in the county.

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**Information Source(s):** Department of Housing and Community Development, Historic St. Mary's City Commission, St. Mary's College, St. Mary's County, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 23, 1997  
mld Revised - Senate Third Reader - March 27, 1997  
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