

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 597 (Chairman, Commerce and Government Matters Committee, *et al.*)
(Departmental - Housing and Community Development)
Commerce and Government Matters

Historic St. Mary's City Commission Act

This departmental bill removes the Historic St. Mary's City Commission (HSMCC) from the Department of Housing and Community Development (DHCD) and reauthorizes it as a public corporation. 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.

Fiscal Summary

State Effect: General fund expenditures of \$1,860,900 for HSMCC (based on the FY 1998 allowance) would continue. It is noted the FY 1998 allowance for HSMCC's operating budget reflects a \$400,000 increase over the FY 1997 appropriation. 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.

Fiscal Analysis

Bill Summary: Major provisions of the bill include:

- removes HSMCC from DHCD and establishes HSMCC as a public corporation 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; fixing, revising, and collecting rates, rents, and fees for the use of facilities at HSMCC; and borrowing and securing loans;
- 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;
- exempts HSMCC from taxes or assessments of any kind;
- °specifies property acquisition procedures;
- authorizes HSMCC to issue bonds, bond anticipation notes, or other obligations with notification to the Treasurer and Department of Budget and Management (DBM);
- specifies transitional 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 a separate nonbudgeted account on June 30, 1997;
- specifies that the Historic St. Mary's City Fund will be held by the State Treasurer, may not revert to the general fund, and that the Governor must include in the annual budget a grant for the basic operations of the HSMCC; and
- requires that for each fiscal year after fiscal 1998, the proposed basic operating appropriation must be at least equal to the grant of the prior fiscal year.

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, there would be no net effect on the State, as the State would continue to provide an annual operating grant directly to HSMCC. It is noted that the fiscal 1998 general fund allowance for HSMCC of \$1,860,884 is about \$400,000 greater than fiscal 1997 general fund appropriation of \$1,462,720.

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 to be transferred to a nonbudgeted account for the commission on June 30, 1997. 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.

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
brd

Analysis by: Sarah Dickerson
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710