

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1037 (Delegate Rosenberg)

Appropriations

Referred to Economic & Environmental Affairs

Nonprofit Organizations - Operating Assistance Grants

This amended 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. The bill expands the definition of operating assistance grants to include assistance with predevelopment costs. The bill also specifies that in addition to operating assistance grants made from up to 1% of the aggregate amount of budgeted moneys in the Rental Housing Program Fund, Homeownership Programs Fund, and Special Loan Programs Fund, as under current law, grants may also be made from any funds appropriated from any other source.

The bill takes effect June 1, 1997.

Fiscal Summary

State Effect: State finances for the operating assistance grants would continue in FY 1998. In addition, the supplemental budget number 1 includes \$70,000 for operating assistance grants.

Local Effect: None.

Small Business Effect: Potential meaningful impact on a limited number of small businesses as discussed below.

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. In addition, the bill specifies that funds may also be appropriated from other sources. Supplemental budget number 1 includes \$70,000 for operating assistance grants.

Small Business Effect: Those nonprofit small businesses affected by this program would continue to benefit. In addition, additional funds may be appropriated as grant money for nonprofits. Of the 31 grants made in fiscal 1996, DHCD advises that all went to businesses having less than \$5.0 million in revenue. Data is not readily available on the number of employees of each nonprofit. The grants ranged from about \$2,500 to \$30,000 each.

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

Fiscal Note History: First Reader - February 14, 1997
ncs Revised - House Third Reader - March 24, 1997

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