

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 62 (Delegate Mossburg)

Economic Matters

**Education - Reimbursement of Counties for Capital Expenditures -
Use of Specific State Funds**

This bill requires the State to dedicate the greater of 10% or \$5 million of the Economic Development Opportunities Program Fund (Sunny Day Fund) for public school construction and capital improvement projects.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: None. Redirecting funding from the Sunny Day Fund to public school construction projects would not result in additional State expenditures.

Local Effect: State aid for local public school construction projects would increase by \$5 million in FY 1999.

Small Business Effect: Minimal.

Fiscal Analysis

Background: The Economic Development Opportunities Program Fund (Sunny Day Fund) was established in 1988 to allow the State to take advantage of extraordinary economic development opportunity, defined in part as those situations which create or retain substantial employment and where considerable private investment is leveraged by public funds. Since its inception, 64 projects have been approved, representing a total State commitment of \$82 million. As illustrated below, the State has appropriated \$75.5 million to the Sunny Day Fund in the last four years.

Sunny Day Fund - General Fund Appropriation

FY 1995	FY 1996	FY 1997	FY 1998	FY 1999 (allowance)
\$4,000,000	\$20,000,000	\$27,000,000	\$24,500,000	\$24,500,000

State Effect: The proposed State budget includes a \$24.5 million appropriation to the Sunny Day Fund in fiscal 1999. This bill requires the greater of 10% or \$5 million of the Sunny Day Fund be used to reimburse counties for public school construction and capital improvement projects. Since the 10% requirement is less than \$5 million, \$5 million would be redirected from economic development initiatives to public school construction/capital improvement projects in fiscal 1999. Assuming the State appropriation to the Sunny Day Fund remains constant, public school construction projects would increase by \$5 million annually in future years.

Local Effect: The proposed fiscal 1999 State capital budget includes \$222 million for school construction projects. This bill would provide an additional \$5 million. The amount of additional funds received by each local school district would depend upon the Board of Public Work's allocation of approved projects.

Small Business Effect: To the extent that small businesses bid on contracts from the public school construction program, they could benefit from additional funding for the program. Small businesses are unlikely to be affected from reduced funding for the Sunny Day Fund, since financial assistance under this program is primarily targeted to larger corporations.

Information Source(s): Department of Legislative Services, Interagency Committee on Public School Construction

Fiscal Note History: First Reader - January 26, 1998

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Analysis by: Hiram L. Burch, Jr.

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710