

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 63 (Delegate Mossburg)

Economic Matters

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**Education - Reimbursement by State - County Expenditures  
for Capital Projects for Public Schools**

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This bill requires the State to dedicate at least \$5 million annually from the Economic Development Opportunities Program Fund (Sunny Day Fund) for public school construction and capital improvement projects.

This bill takes effect July 1, 1998.

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**Fiscal Summary**

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

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

**Small Business Effect:** Minimal.

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**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 at least \$5 million of the Sunny Day Fund be used to reimburse counties for public school construction and capital improvement projects. Accordingly, funding for public school construction projects would increase by at least \$5 million in fiscal 1999, while funding for economic development projects would decrease by \$5 million. 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.

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**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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