

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1254 (Delegate Taylor)
Economic Matters

**The Maryland Heritage Areas Authority and the Maryland
System of Recognized and Certified Heritage Areas**

This bill specifies that management plans for recognized heritage areas may be submitted to the Maryland Heritage Areas Authority for consideration after only preliminary approval by the local jurisdictions. Under current law, final approval is required before a management plan may be submitted.

The bill authorizes the authority to designate not more than two recognized heritage areas as certified heritage areas for each fiscal year, rather than in each fiscal year, as specified under current law. The bill also extends the sunset provision from September 30, 1998 to September 30, 2001 on the use up to 10% of Program Open Space (POS) funds transferred to the authority for operating expenses and up to 50% for debt service on bonds issued by the authority.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: The bill would have the practical effect of increasing the number of areas that may be designated as certified heritage areas in FY 1999 from two to at least five. Expenditures and revenues would not be affected beyond what was originally anticipated for Chapter 601 of 1996, which established the Heritage Areas Authority.

Local Effect: Potential effect on expenditures and revenues as originally anticipated when the authority was established.

Small Business Effect: Potential meaningful effect as originally anticipated.

Fiscal Analysis

Background: The Maryland Heritage Areas Authority was created in 1996 to foster “heritage tourism” by creating additional historic and cultural destinations within the State. The heritage areas fund receives \$1 million annually from the real estate transfer tax through POS. The authority has named six recognized heritage areas: Lower Eastern Shore, Lower Susquehanna Heritage Greenway, Baltimore City, Patapsco Heritage Greenway, Annapolis and London Town, and Anacostia Trailways Heritage Area. These areas are now eligible for matching funds to prepare a management plan which is required for designation as a certified heritage area. Upon certification, additional grant and loan funds may be available to the area for specific project development.

In December 1997, the authority awarded its first matching grant to the Patapsco Heritage Greenway for the development of its management plan. The \$80,000 grant must be matched by the heritage area before the funds can be released. The authority has also considered an \$80,000 program grant to the Canal Place Preservation and Development Authority, the first, and currently only, certified heritage area in the State (as specifically designated by Chapter 601 of 1996). Although the authority has not acted on the Canal Place request, it is anticipated that program grants will be awarded to Canal Place during fiscal 1998.

State Effect: Since no heritage areas were certified by the authority during fiscal 1997 and none are expected to be certified before the end of fiscal 1998, the bill has the practical effect of increasing the number of areas that may be designated as certified heritage areas in fiscal 1999 from two to at least five. If Canal Place, which was specifically designated in statute effective October 1, 1996, does not count as a fiscal 1997 designation by the authority, up to six areas could be designated. The authority advises that no areas have been certified yet due to the lengthy certification process. Regardless, increasing the number of areas that may be designated could affect special fund expenditures and general and special fund revenues, although expenditures and revenues would not be affected beyond what was originally anticipated for Chapter 601 of 1996, which established the authority.

The extension of the sunset provision would allow the continued use of up to 10% of the \$1 million transferred from POS to the authority for operating expenses and up to 50% for debt service on bonds issued by the authority.

Local Effect: The bill would allow management plans for recognized heritage areas to be submitted to the authority for consideration after only preliminary approval by the local jurisdictions. While this could simplify the process, it would have minimal, if any, effect on local finances.

Increasing the number of areas that may be designated as certified heritage areas could result in an increase in expenditures and an indeterminate effect on revenues in affected jurisdictions, but not beyond that which was originally anticipated.

Small Business Effect: To the extent that increasing the number of areas that may be designated as certified heritage areas spurs employment and economic development, small businesses in areas designated could benefit, as originally anticipated.

Information Source(s): Department of Housing and Community Development, Department of Natural Resources, Department of Legislative Services

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