

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1089 (Delegate Rosenberg)

Economic Matters

Economic Development - Maryland Regional Economic Competitiveness Act

This bill establishes the Maryland Regional Economic Competitiveness Fund as a non-lapsing special fund in the Department of Business and Economic Development (DBED). The stated purpose of the fund is to encourage and reward regional joint activities. Joint activity is defined as a government function that is carried out by two or more local jurisdictions and involves job creation or economic development, revenue sharing or growth sharing agreements, housing, or transportation. The bill requires: (1) DBED to distribute monies in the fund in annual installments to qualifying local jurisdictions and regional partnerships; (2) all units of State, county, and local governments in the State to make available information and assistance that the department requires; and (3) DBED to provide technical assistance to local jurisdictions and regional partnerships if necessary.

Fiscal Summary

State Effect: Indeterminate effect on State expenditures. The Governor's proposed FY 1999 budget does not include monies for the fund. To the extent the bill encourages regional cooperation that spurs employment and economic development beyond that which would occur absent the bill, revenues could increase and expenditures on certain assistance programs could decrease.

Local Effect: Increase in revenues and potential increase in expenditures for eligible local jurisdictions and regional partnerships.

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Effect: The fiscal 1999 Governor's budget does not include monies for the fund established by this bill and the bill includes no specific requirements as to the level of appropriations. DBED advises that if the fund receives a \$3 million annual appropriation, expenditures would increase by about \$100,000 annually reflecting the cost of one technical assistant position, one part-time clerical assistant position, and other operating expenses.

As a point of reference only, it is noted that Virginia created a similar program in 1996 that is administered by the Virginia Department of Housing and Community Development. Fiscal 1998 funding for the Virginia program was \$6.0 million and the Virginia legislature is considering increasing the fiscal 1999 appropriation to \$10.2 million.

Any effect on State expenditures from this bill would depend on the amount of any appropriation to the fund.

To the extent that the bill encourages joint activities which spur employment and economic development beyond that which would occur absent the bill, tax revenues could increase and expenditures on certain assistance programs could decrease.

Local Effect: Assuming there are monies in the fund, revenues would increase in local jurisdictions and regional partnerships that qualify for funds. To the extent that local jurisdictions and regional partnerships increase expenditures in order to qualify, expenditures would also increase.

To the extent that the bill encourages joint activities which spur employment and economic development beyond that which would occur absent the bill, local tax revenues could increase.

Small Business Effect: To the extent that the bill encourages joint activities which spur employment and economic development in certain regions beyond that which would occur absent the bill, small businesses in those regions could benefit.

Information Source(s): Department of Business and Economic Development; Anne Arundel, Dorchester, and Garrett counties; Virginia Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 1998
Inc

Analysis by: Sarah Dickerson

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710