

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1299 (Delegate Harrison)
 Economic Matters

Maryland African American Museum Corporation

This bill establishes a Maryland African American Museum Corporation as an independent unit in the executive branch of State government. The stated purpose of the corporation is to plan, develop, and manage a Maryland Museum of African American History and Culture in Baltimore City with the support of the Mayor and City Council, affected State agencies, and other institutions.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: Based on the proposed operating budget for the museum, general fund expenditures would increase by \$98,600 in FY 1999 and by substantially more in future years, reflecting the museum's projected completion in August 2001. Special fund revenue increases beginning in FY 2000 reflect revenues from outside sources, such as donations and earned income; offsetting special fund expenditure increases are also shown.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SF Revenues	\$0	\$284,308	\$496,591	\$1,174,138	\$1,302,499
GF Expenditures	98,630	852,925	1,489,775	1,174,138	1,302,499
SF Expenditures	0	284,308	496,591	1,174,138	1,302,499
Net Effect	(\$98,630)	(\$852,925)	(\$1,489,775)	(\$1,174,138)	(\$1,302,499)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Indeterminate effect on Baltimore City expenditures.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: The bill specifies the powers and duties of the 32-member board of directors of the corporation. The corporation must prepare a strategic plan at least once every five years and report annually on specified topics to the Governor and General Assembly. The corporation is exempt from taxes and assessments on its properties or activities. The Governor may include a general fund grant for the corporation in the annual budget submission. The corporation must support all operating costs from general fund grants, if any, and its other income sources. The bill specifies that the board must appoint an executive director and any professional and clerical staff as necessary. The debts, claims, obligations, and liabilities of the corporation may not be considered a debt, claim, obligation, or liability of the State or a pledge of its full faith and credit. The corporation is exempt from specified State procurement and State government statutes. The executive director and regular full-time employees are eligible to participate in the State Employees' Pension System (EPS).

The Maryland Museum of African American History and Culture Commission will terminate upon appointment and qualification of its consenting members to the board of directors of the corporation no later than October 1, 1998.

The bill does not supplant the powers and authority of the Commission on African American History and Culture to carry out its duties or affect the status of the Banneker-Douglass Museum.

Background: The fiscal 1999 capital budget includes \$1.58 million in GO bonds to be administered by the Department of Housing and Community Development (DHCD) for the preparation of detailed plans to construct an African American Museum. The total capital project cost is estimated at \$24.7 million with an estimated completion date of August 2001. Currently, under the direction of the Maryland Museum on African American History and Culture Commission, a 72,000 square foot museum is proposed to be built east of Baltimore's Inner Harbor at the corner of Pratt and Presidents Streets. It is expected that the city will make the site, which is valued at about \$1 million, available to the State at no cost. The commission plans to raise \$3 million in private funds to supplement the State capital funding; \$1.5 million in private funding is required prior to the release of State funds for construction.

State Effect: The bill does not specify a required level of State funding, but based on the proposed operating budget for the museum, general fund expenditures could increase by an estimated \$98,630 in fiscal 1999 accounting for a 90-day start-up delay. This estimate reflects the cost of hiring a development officer and office secretary. (The executive director would not be hired until fiscal 2000.) It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

Salaries and Fringe Benefits	\$62,025
Contractual Services	21,000

Other Operating Expenses	<u>15,605</u>
Total FY 1999 State Expenditures	\$98,630

Future year expenditures, which are based on the museum's projected completion in August 2001, reflect: (1) four additional positions in fiscal 2000, six additional positions in fiscal 2001, six additional positions in fiscal 2002, and five additional positions in fiscal 2003, for a total of 23 positions by fiscal 2003; (2) increased expenditures for contractual services and equipment purchases; and (3) increased special fund revenues from outside sources, such as donations and earned income, so that in fiscal 2000 and 2001, general funds would cover 75% of the operating budget, decreasing to 50% of the operating budget in fiscal 2002 and 2003.

The executive director and regular full-time employees would be eligible to participate in the EPS. If the corporation chooses to participate, it would pay the employer costs.

DHCD advises that it would continue to provide technical support to the project until the museum is operational.

Local Expenditures: The bill does not specify any funding required from Baltimore City.

Information Source(s): Department of Housing and Community Development (Division of Historical and Cultural Programs), Baltimore City, State Retirement Agency, Governor's Office, Office of the Attorney General, Department of Business and Economic Development, Department of Budget and Management, Department of Legislative Services

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