

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 970 (Delegate Rosenberg)

Ways and Means

Baltimore Metropolitan Regional Investment District

The bill creates the Baltimore Metropolitan Regional Investment District consisting of Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties. Each jurisdiction's share of the district's tax base will be determined by multiplying the calculated weighted average property tax rate of each jurisdiction multiplied by the sum of: (1) 10% of the amount by which each jurisdiction's real property assessable base in any fiscal year exceeds fiscal 1999's base year amount; and (2) an additional contribution representing a percentage (starting at 1% and declining by 20% each year until it phases out in fiscal 2005) of each jurisdiction's real property assessable base in the appropriate taxable year.

Monies paid by the jurisdictions located in the district will be collected by the Comptroller. The Comptroller will then deposit the payments from the jurisdictions into the Baltimore Metropolitan Regional Investment Fund from which an annual grant will be given to the Baltimore Metropolitan Council. The council will use the grant funds to: (1) address on a regional basis problems of public safety, economic and workforce development, and conservation of older neighborhoods in the Baltimore Metropolitan Region; and (2) further achieve the goals outlined in House Bill 802 of 1999, "The Maryland Regional Competitiveness Act," which encourages and rewards regional "joint activities."

This bill is effective October 1, 1999, and shall be applicable to all taxable years beginning on or after July 1, 2000.

Fiscal Summary

State Effect: Indeterminate effect on State revenues. General fund expenditures could decrease by an indeterminate amount.

Local Effect: Total revenues for the six jurisdictions in the district will decrease by \$16.9 million. Expenditures of the council will increase by a corresponding amount. **This bill imposes a mandate on a local government unit.**

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Effect: To the extent that the activities of the council spur new employment and economic development in the affected jurisdictions, general fund revenues could increase through increased individual income tax and sales tax collections. This revenue increase, if any, cannot be reliably estimated at this time. In addition, expenditures on certain assistance programs could decrease.

Local Effect: The Comptroller will deposit payments from the jurisdictions to the Baltimore Metropolitan Regional Investment Fund. The fund will be used to address problems of public safety, economic and workforce development, and the conservation of older neighborhoods in the Baltimore Metropolitan Region.

Based on 1997 tax collection data and the jurisdictions' assessable base in fiscal 1998, **Exhibit 1** below presents an estimate of what the jurisdictions' contributions will be to the Baltimore Regional Investment Fund in fiscal 2001.

Exhibit 1
Jurisdictions' Payments to the Fund in FY 2001

Jurisdiction	Payment
Baltimore City	\$2,318,900
Anne Arundel County	4,304,300
Baltimore County	5,140,200
Carroll County	1,250,800
Harford County	1,553,400
Howard County	2,310,000
Total	\$16,877,600

Revenues for the affected jurisdictions are estimated to decrease by the amounts presented in **Exhibit 1** above in fiscal 2001. Which jurisdictions will benefit and to what degree will depend on the programs run by the Baltimore Metropolitan Council.

Future year payments by the affected jurisdictions in the district reflect 2% growth in the assessable base plus the additional contribution. **Exhibit 2** presents the estimated total contributions of the six jurisdictions in fiscal 2001 through 2004.

Exhibit 2
Total Payments by the Six Jurisdictions to the Fund: FY 2001 - 2004

(\$ in millions)	FY 2001	FY 2002	FY 2003	FY 2004
Total Contributions	\$16.9	\$17.2	\$17.3	\$17.4

To the extent that the activities of the council spur new employment and economic development in the affected jurisdictions, local revenues could increase to offset the above losses due to this bill.

Small Business Effect: Existing small businesses will benefit indirectly if the bill increases development and economic activity in the affected jurisdictions.

Information Source(s): Department of Assessments and Taxation, Anne Arundel County, Harford County, Board of Public Works

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 ncs/jr

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