

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 802 (Delegates Rosenberg and Mitchell)

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 or revenue sharing or growth sharing agreements. The bill requires: (1) DBED to distribute monies in the fund to qualifying local jurisdictions and regional partnerships; (2) all units of State, county, and local governments 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: Expenditures could increase by an estimated \$1.1 million in FY 2000. 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 Governor's fiscal 2000 budget does not include monies for the fund established by this bill and the bill includes no specific requirements as to the level of funding. In order to establish a viable fund, DBED estimates that an initial appropriation of at least \$1 million would be required, with subsequent year appropriations increasing each year to \$3.5 million in fiscal 2004. Operating expenditures would increase by about \$110,000 annually reflecting the cost of one technical assistant position and one clerical assistant position to administer the fund, 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 1999 funding for the Virginia program was \$10.2 million and the Virginia legislature is considering increasing the fiscal 2000 appropriation to \$10.9 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, Montgomery County, Prince George's County, Virginia Department of Housing and Community Development, Department of Legislative Services

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