

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 679 (Senator Middleton. *et al.*)

Budget and Taxation

Maryland Agricultural Education and Rural Development Assistance Fund Act of
2000

This bill establishes a four-year Maryland Agricultural Education and Rural Development Assistance Fund to be administered by the Board of Public Works. The stated purpose of the fund is to provide grants to rural regional planning and economic development organizations, rural community development programs, and advanced technology centers that serve agricultural and natural resources based small businesses in rural areas to address the inadequacy of funds available in rural areas for economic and community development and agriculture and forestry education.

The bill takes effect July 1, 2000, and sunsets on June 30, 2004.

Fiscal Summary

State Effect: The FY 2001 budget includes \$422,000 in general funds for the grant program contingent upon the enactment of this bill. (Of that amount, \$75,000 is earmarked for the Forum for Rural Maryland.) Special fund revenues and expenditures would increase correspondingly. Potential special fund revenue increase related to investment income. It is assumed that future year expenditures would remain relatively constant through FY 2004.

Local Effect: To the extent that any local entities receive funds pursuant to this bill, the bill could have a meaningful impact.

Small Business Effect: To the extent that small businesses or organizations that serve small businesses receive grants pursuant to the bill, affected small businesses could benefit. Because the grants will be awarded through an application process, however, the impact on small businesses cannot be quantified at this time.

Analysis

Bill Summary: The fund is a continuing, nonlapsing fund. The Board of Public Works must designate the Department of Business and Economic Development (DBED) as the agency to administer the funds. DBED must award grants based on recommendations of the Maryland Agricultural and Rural Development Assistance Board (the board) established by the bill. The bill describes the composition of the board and charges the board with the establishment of procedures for grant applications, the review of applications, and making recommendations to DBED.

Beginning in fiscal 2002, the board must give funding priority to rural regional planning and economic development organizations and rural community development programs that meet specified conditions. A grant recipient must submit to DBED written documentation of how the grant was used. DBED must submit to the Governor and the General Assembly by June 30 of each year a written report relating to the grant program.

The bill also states that it is the intent of the General Assembly that the Governor include in the annual State budget funds for the Forvm for Rural Maryland in an amount equivalent to the Forvm's federal funding.

Current Law: None applicable.

Background: DBED provides grants to organizations primarily for workforce development activities. Many nonprofit organizations that serve the needs of rural areas in the State do not have adequate funding to address the need for economic and community development and agriculture and forestry education. The Forvm for Rural Maryland is an independent unit of the State executive branch working to improve the lives of rural Maryland residents. The Forvm is currently working on programs to promote value-added agriculture and rural small businesses. The fiscal 2001 budget includes \$232,903 for the Forvm (\$41,303 in general funds, \$75,000 in grants contingent upon enactment of this bill, and \$116,600 in federal funds).

State Fiscal Effect: The fiscal 2001 budget includes \$422,000 in general funds for the grant program, contingent upon the enactment of this bill. Of that amount, \$75,000 is earmarked for the Forvm for Rural Maryland. This amount, plus \$41,303 in general funds included in the fiscal 2001 budget for the Forvm, brings the total direct fiscal 2001 funding for the Forvm to an amount equivalent to the Forvm's federal funding.

Of the remaining \$347,000 in general funds that are contingent upon the enactment of this bill, it is assumed that all of these funds will be deposited into the new special fund to be used for the award of grants pursuant to the bill.

It is assumed that the board could develop application procedures, review grant applications, and make recommendations to DBED using existing resources of the entities represented on the board. It is also assumed that DBED could award grants and submit the required report using existing budgeted resources. Should existing resources be inadequate, additional funding could be requested through the annual appropriation process.

Special fund revenues could increase by an indeterminate amount as a result of any investments of the new fund. Legislative Services advises that any such increase cannot be reliably estimated at this time.

Because the bill establishes a four-year grant program, it is assumed that future year expenditures would remain relatively constant through fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: HB 932 (Eastern Shore Delegation, *et al.*) - Environmental Matters.

Information Source(s): Board of Public Works, Department of Business and Economic Development, Department of Legislative Services

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