HB 209

Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 209 (Chairman, Economic Matters Committee)
(Departmental – Housing and Community Development)
Economic Matters Economic and Environmental Affairs

Department of Housing and Community Development - Neighborhood and Community Assistance Program

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This departmental bill changes the areas eligible for assistance under the Neighborhood and Community Assistance Program to priority funding areas. It also allows the Department of Housing and Community Development (DHCD) to give preference priority for proposed projects that benefit a designated revitalization area.

Fiscal Summary

State Effect: Total expenditures for the program would not change. The bill expands eligibility for existing funds.

Local Effect: None.

Small Business Effect: DHCD has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: The program's statutory goals are to assist nonprofit organizations and businesses to invest in designated revitalization areas only. A designated revitalization area or neighborhood is a location designated by a local jurisdiction based on several factors such as the neighborhood unemployment rate, the age and number of abandoned structures, residential income, and the availability and condition of business facilities. DHCD is required to consider the anticipated benefit of a tax credit to the designated revitalization area when determining approval of a proposed project eligible for a tax credit.

Background: The bill seeks to expand the areas in which projects approved under the program can be located. Through this program, nonprofit organizations market tax credit allocations to businesses that contribute to approved community projects. DHCD advises that nonprofit organizations have difficulty meeting the requirements for the program because a project may serve clients outside a designated revitalization area. Expanding the eligible program area may also make it easier for nonprofits to receive donations from local businesses. Those businesses are then eligible for a State tax credit.

Chapter 759 of 1997 (SB 389) established priority funding areas (PFAs) in the State. With certain exceptions, that Act prohibits State funding for growth-related projects outside priority funding areas designated by each county. PFAs include designated revitalization areas but encompass a much broader area. They include enterprise zones, certified heritage areas, areas located between Interstate Highway 495 and the District of Columbia (inner Beltway), and areas between Interstate 695 and Baltimore City.

State Fiscal Effect: DHCD can implement the provisions of the bill with existing resources. The statutory cap for tax credits for qualifying projects under the program is $2 million per fiscal year. To the extent that the bill increases the number of eligible projects, the availability of State tax credits may become more limited.

Small Business Effect: To the extent that the bill increases small business participation in the neighborhood program, more businesses that make donations to nonprofits will receive a 50% tax credit for their donation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Housing and Community Development, Department of Legislative Services

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