

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 351 (Allegany County Delegation)
Environmental Matters

Smart Growth - Distressed Counties - Priority Funding Areas

This bill amends the Smart Growth Areas Act to provide that a “qualified distressed county” is considered a priority funding area (PFA), allowing those counties to qualify for State funding for growth-related projects. In addition, the bill amends the Economic Growth, Resource Protection, and Planning Act to exempt a qualified distressed county from limitations regarding State funding for and local approval of projects inconsistent with the State Economic Growth, Resource Protection, and Planning Policy or a local plan.

Fiscal Summary

State Effect: The bill’s changes could be handled with existing budgeted resources.

Local Effect: Qualified distressed counties could benefit to the extent the bill results in State funding being redirected to those counties. Local jurisdictions in existing PFAs could be negatively impacted to the extent funding is redirected to distressed counties.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Qualified distressed county” means a county: (1) that has submitted to the Secretary of Business and Economic Development a local strategic plan for economic development that has been approved by the Secretary; and (2) for which the average rate of unemployment for the most recent 18-month period is greater than 150% of the average for the entire State, or for which the average per capita personal income for the

most recent 24-month period is equal to or less than 67% of the average for the entire State.

Current Law: Pursuant to the Economic Growth, Resource Protection, and Planning Act (Chapter 437 of 1992), except under specified conditions, the State may not provide State funding for a State public works, transportation, or major capital improvement project funded through State or federal funds if the project is not consistent with the State Economic Growth, Resource Protection, and Planning Policy or the local plan of the jurisdiction in which the project is located. Except under specified conditions, a local jurisdiction may not approve or construct a local construction project involving the use of State funds, grants, loans, loan guarantees, or insurance unless the project is consistent with the local plan.

The Smart Growth Areas Act (Chapter 759 of 1997) built upon the 1992 law by focusing State spending in those areas that provide the most efficient and effective use of taxpayer dollars and support and revitalize existing neighborhoods and rural villages. The legislation targeted funding toward designated PFAs, including: (1) those regions inside either of the two beltways; (2) areas currently zoned as industrial; (3) areas zoned as industrial in the future if served by a sewer system; (4) municipal corporations, including Baltimore City, if all areas annexed after January 1, 1997, meet specified density and water and sewer requirements; and (5) areas within a locally designated growth area that meets specified density and sewer requirements.

Beginning October 1, 1998, the State was prohibited from providing funding for any growth-related project not located within a PFA. However, the State may provide funding for a growth-related project not in a PFA if the Board of Public Works:

- determines that extraordinary circumstances exist as specified in statute; or
- approves the project as a transportation project that meets specified requirements such as a project connecting PFAs or a project maintaining an existing transportation system without an increase in highway capacity.

Requests for approval by the Board of Public Works may be made at the request of the governing body of the local jurisdiction or the cabinet secretary with approval authority over the project. The State also may allocate funding for a growth-related project not located in a PFA without approval from the Board of Public Works if:

- the project is required to protect public health or safety;
- the project involves federal funds, to the extent compliance would be inconsistent with federal law; or

- the growth-related project is necessary for a specified commercial or industrial activity that, by its nature, needs to be located away from other development.

The Smart Growth Areas Act required local governments to certify PFAs with the assistance of the Office of Planning, now the Maryland Department of Planning (MDP). Each county and municipality is required to submit a map and description of its PFAs consistent with the local comprehensive plan and the criteria established in Chapter 759 of 1997. Further, MDP is required to establish a process to review projects by the appropriate State agencies and provide each appropriate State agency and unit of State and local government with the location of PFAs. Chapter 566 of 2001 established the Office of Smart Growth (OSG) to provide overall coordination of the program.

The 1997 Act grandfathered projects or programs that had been granted approval or commitments prior to October 1, 1998. Also not subject to the law were projects or programs: (1) having a valid permit or State commitment for a grant, loan, loan guarantee, or insurance for a capital project; (2) for which final review under the National Environmental Policy Act or Maryland Environmental Policy Act was completed prior to October 1, 1998; or (3) for which final review through the State Clearinghouse for Intergovernmental Assistance was completed by January 1, 1999.

Background: Under the One Maryland Tax Credit Program, a qualified distressed county includes a county for which the average unemployment rate over the most recent 18-month period is greater than 150% of the statewide average; or the average per capita personal income for the most recent 24-month period is equal to or less than 67% of the statewide average. The Department of Business and Economic Development advises that seven jurisdictions are currently considered qualified distressed counties: Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Planning, Governor's Office (Office of Smart Growth), Department of Business and Economic Development, Maryland Department of Transportation, Maryland Department of the Environment, Charles County, Frederick County, Montgomery County, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2003
mdf/jr

Analysis by: Lesley Frymier

Direct Inquiries to:
(410) 946-5510
(301) 970-5510