

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 744

(Senator Middleton, *et al.*)

Education, Health, & Environ. Affairs and Budget & Taxation

Environmental Matters

Consolidation of Rural Development Programs

This bill consolidates the State's rural capacity development programs, including the Forvm for Rural Maryland and the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF), renames the Forvm as the Maryland Rural Council, and relocates the council from the Department of Business and Economic Development (DBED) to the Maryland Department of Agriculture (MDA). The bill also repeals the June 30, 2004 termination date for MAERDAF.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: The bill's changes could be handled with existing resources. The FY 2004 budget includes \$113,228 in general funds, \$116,900 in federal funds, and three positions for the Forvm as well as \$154,884 in general funds for MAERDAF. It is assumed that all those funds, any MAERDAF fund balance, as well as Forvm staff and assets, would carry over to the council. Any increase in costs for MDA would be offset by a decrease in costs for DBED. By repealing the termination provision for MAERDAF, general fund expenditures would continue beyond FY 2004.

Local Effect: The bill would not materially affect local operations or finances.

Small Business Effect: Potential meaningful. Rural small businesses will likely benefit from the consolidation of rural development activities and the continuation of MAERDAF.

Analysis

Bill Summary: The bill provides that:

- the Rural Maryland Council is a State rural development council that brings together citizens and representatives of public sector entities and private sector organizations to collaboratively address problems and challenges facing rural communities;
- it is the intent of the General Assembly that the Governor include in the annual State budget funds for the council in an amount equivalent to *or in excess of* the council's federal funding;
- for administrative and budgetary purposes, the council shall be placed under MDA;
- responsibility for providing the council with necessary staff resources, including office space, is transferred from DBED to MDA;
- all employees and equipment are transferred to the council;
- affected State agencies must assist the Forvm and the council with their telecommunications and Internet website needs during the transition;
- the council may maintain a principal office in the central region of the State that is accessible to rural citizens;
- the membership of the council is expanded and the council must annually elect one or more vice chairmen;
- the membership of the council's executive board is expanded, the board must make recommendations on programmatic or regulatory matters of concern to rural communities after a consensus of opinion has emerged, and the chairman may establish working committees;
- the executive director of the council serves at the pleasure of executive board;
- the responsibility for administering MAERDAF is transferred from the Board of Public Works (BPW) to the council and the responsibility for administering grants is transferred from DBED to the council;
- the termination provision for MAERDAF is repealed; and
- the membership of the MAERDAF board is expanded, agencies represented on the board may assist the council with administering individual grant awards, and the board's recommendations regarding grant awards shall be binding.

Current Law: The Forvm for Rural Maryland is the State's rural development council. It identifies and addresses issues and policies affecting the quality of life in rural Maryland. Forvm membership is open to any citizen of Maryland who has an interest in rural Maryland; certain members are designated in statute. The Forvm is an independent unit in the Executive Branch and may not be placed by the Governor in any principal department. The Forvm has an executive board that makes recommendations on policy matters to the Forvm and on implementation of policies that the Forvm adopts. The executive director of the Forvm, who serves at the pleasure of the executive board, is responsible for the day-to-day operations and is required to assist in the development of

policy recommendations for consideration by the Forvm or the executive board. DBED must provide the Forvm with necessary staff and resources, including office space, if desired by the Forvm. The Forvm must receive annual funding through an appropriation in the State budget. DBED includes, without revision, the Forvm's budget request within its budget request. Pursuant to Chapter 552 of 2000, it is the intent of the General Assembly that the Governor include in the annual State budget funds for the Forvm in an amount equivalent to the Forvm's federal funding.

Chapter 552 of 2000 established MAERDAF to provide funding to rural regional planning and economic development organizations and rural community development programs as well as to augment the efforts of advanced technology centers that serve agricultural and natural resources based small businesses in rural areas through community colleges. MAERDAF is administered by BPW, but DBED administers the grant funding. The MAERDAF board establishes procedures for grant applications, reviews grant applications, and makes recommendations to DBED regarding grant recipients and amounts. MAERDAF is scheduled to terminate June 30, 2004.

Background: Since its inception, 48 grants totaling over \$1.1 million dollars have been awarded from MAERDAF (25 grants totaling \$528,000 for agribusiness development or agricultural and forestry education; 12 grants totaling \$286,500 for infrastructure and community development; 7 grants totaling \$159,320 for economic development; and 4 grants totaling \$145,000 for rural health care improvement).

Additional Information

Prior Introductions: None.

Cross File: HB 1147 (Delegate Conway, *et al.*) – Environmental Matters.

Information Source(s): Forvm for Rural Maryland, Maryland Department of Agriculture, Department of Business and Economic Development, Board of Public Works, Department of Housing and Community Development, Department of Health and Mental Hygiene, Department of Legislative Services

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