

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 680 (Delegate Morhaim, *et al.*)
Health and Government Operations and Appropriations

Department of Health and Mental Hygiene - Sale or Transfer of Facilities

This bill permits the Board of Public Works (BPW) to transfer or sell a medical or mental health facility operated by the Department of Health and Mental Hygiene (DHMH) only: (1) if BPW executes a restrictive covenant or if the deed contains a provision that mandates that the facility be used only for a similar purpose; (2) if the facility is used as park or open space; or (3) if the facility is used as a public primary or secondary school. BPW must hold a public hearing in the county in which the facility is located at least 60 days before the sale or transfer. The bill does not apply to any facility subject to negotiations between DHMH and BPW that began prior to January 1, 2004.

Fiscal Summary

State Effect: DHMH Waiting List Equity Fund and Mental Hygiene Community-Based Services Fund special fund revenues could be reduced in FY 2005. BPW general fund expenditures could increase by a minimal amount.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Any State government real or personal property may be sold, leased, transferred, exchanged, granted, or otherwise disposed of to any person for consideration BPW determines is adequate.

A restrictive covenant is a provision in a deed that restricts the use and occupancy of land.

Background: The Community Services Trust Fund was established by Chapters 675 and 646 of 1996. All proceeds from the sale or lease of a Developmental Disabilities Administration (DDA) or Mental Hygiene Administration (MHA) facility must be deposited in the trust fund. The Comptroller is to transfer into the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund the investment earnings of the Community Services Trust Fund, in accordance with an appropriation in the annual State budget. At the end of calendar 2003, the trust fund contained about \$10 million from the sales of former DDA and MHA facilities.

The Comptroller must transfer into the Waiting List Equity Fund the investment earnings that accrue in the trust fund from the sale of DDA facilities and must transfer into the Mental Hygiene Community-Based Services Fund the investment earnings that accrue in the trust fund from the sale of MHA facilities. These funds are used to help increase access to community-based services.

Recent Developments in Facility Closures: Recently, DHMH has considered closing a State mental health facility due to low utilization of inpatient mental health services. Over the past 21 years, utilization has decreased from 4,390 beds to 1,204 in the State's various psychiatric facilities. In 2003, DHMH explored the feasibility of closing one of three facilities: Crownsville, Spring Grove, or Springfield, and has decided to close Crownsville Hospital Center, located in Anne Arundel County. The Governor's proposed fiscal 2005 budget assumes the hospital's closure, along with the resulting \$12 million savings. About \$5 million of this savings would be redirected toward community-based treatment programs.

Some local residents are concerned about a proposed sale of the 630-acre property and the potential for unwanted development of the hospital campus. In 2002, BPW approved the transfer of about 560 acres of the campus to the Environmental Trust, a State government-funded nonprofit agency. The Environmental Trust has considered giving the land to Anne Arundel County, but has yet to do so.

State Fiscal Effect:

DHMH: It is assumed that this bill does not apply to the sale of the Crownsville Hospital Center. For other facilities, to the extent restrictive covenants or other specified uses are placed on DHMH land as a condition of sale, the property could be devalued and would have to be sold at a lower price. Accordingly, any future revenues from sales that are allocated to the Waiting List Equity Fund or Mental Hygiene Community-Based Services

Fund could be reduced. The magnitude of any revenue reduction cannot be reliably estimated at this time.

BPW: BPW general fund expenditures could increase by a minimal amount beginning in fiscal 2005. BPW does not hold public hearings on proposed property sales or transfers, but it does hold open meetings. BPW general fund expenditures could increase by \$3,000 for each public hearing held to cover additional transcription costs from additional public testimony. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Board of Public Works, Maryland Environmental Trust, Department of Health and Mental Hygiene (Mental Hygiene Administration, Developmental Disabilities Administration, Planning), Department of Legislative Services

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