

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 491 (Chairman, Environmental Matters Committee)
(By Request – Departmental – Planning)

Environmental Matters

Planning - Smart Growth - Priority Places

This departmental bill abolishes the Office of Smart Growth (OSG) and transfers its authorities and functions to the Maryland Department of Planning (MDP). The bill also directs MDP to lead the State's "Priority Places Strategy."

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Cost savings would total an estimated \$234,400 in FY 2005, which is reflected in the Governor's proposed FY 2005 budget, but not contingent on the enactment of this bill. Future year cost savings reflect anticipated growth in the absence of the bill. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(234,400)	(238,900)	(250,400)	(262,600)	(275,500)
Net Effect	\$234,400	\$238,900	\$250,400	\$262,600	\$275,500

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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

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

Analysis

Current Law: Chapter 566 of 2001 established OSG as part of the Executive Department to coordinate and implement the State's Smart Growth policy. Under Chapter 566, the office is directed to:

- review State assistance programs related to Smart Growth to determine their applicability to projects that are consistent with Smart Growth;
- promote interagency consensus and cooperation on projects that are consistent with Smart Growth and resolve conflicting agency positions on projects in an expedited manner;
- provide advisory and technical assistance to local jurisdictions and to the public in preparing, financing, and developing Smart Growth and Neighborhood Conservation projects;
- gather and disseminate information to the public, including local jurisdictions, nonprofit organizations, and developers on how to develop projects that are consistent with Smart Growth;
- provide a single point of access for members of the public who need assistance or guidance in navigating the processes and regulations of State agencies on projects that are consistent with Smart Growth;
- work with local governments in expediting review of projects that both the local government and the State agree are consistent with Smart Growth;
- provide effective public information on Smart Growth programs and educational activities;
- coordinate the effort of the Executive Branch to provide input to the General Assembly on legislation that concerns Smart Growth and Neighborhood Conservation;
- coordinate review of federal projects in relation to their location in priority funding areas to encourage compliance with federal Executive Order 12072, which directs federal agencies to locate facilities in urban areas;
- in coordination with the Smart Growth Subcabinet, which was established by the bill, recommend to the Governor changes to State law and regulations necessary to advance the policy of Smart Growth; and
- report to the Governor and the General Assembly on an annual basis.

In October 2003, Governor Ehrlich issued an executive order called Maryland's Priority Places Strategy which established the Governor's vision for smart growth. The Priority Places Strategy seeks to develop long-term solutions to the complex and related issues of State investment, economic growth, community revitalization, and resource conservation.

Under the executive order, MDP is directed to carry out the development and implementation of the strategy.

Background: The bill is intended to reduce duplication and increase government efficiency by abolishing OSG and transferring its authority and functions to MDP. While the merger of OSG and MDP has not been approved, it has, for the most part, already occurred. Since June 2003, OSG staff have been working on MDP programs and operating out of MDP's Baltimore office.

State Expenditures: This bill effectuates the merger of OSG into MDP. The Governor's proposed fiscal 2005 budget assumes assimilation of OSG into MDP, with approximately \$360,000 in general funds transferred to MDP, including four positions (three from OSG and one from the Department of Human Resources that had been permanently assigned to OSG). By abolishing OSG, cost savings of \$234,350 (general funds) in fiscal 2005 are achieved (\$209,767 in salaries and fringe benefits for two positions and \$24,583 in operating expenses), which is reflected in the Governor's proposed budget. Future year estimates assume that salaries for those positions would have increased by 4.6% annually, with 3% employee turnover, and that operating expenses would have increased by 1% annually.

These cost savings are based on the assumption that all four positions transferred to MDP in the Governor's proposed fiscal 2005 budget are needed to implement the bill. Legislative Services advises that because several of the specific functions of OSG overlap with MDP's broad authority, it is possible that MDP could handle the bill's requirements with less than four positions. Accordingly, cost savings could be greater.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Planning, Department of Budget and Management, Department of Legislative Services

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ncs/jr

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