

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 1562

(Delegate McIntosh)

Environmental Matters

Education, Health, and Environmental Affairs

Reorganization of State Government - Historical and Cultural Programs

This bill transfers various historical and cultural programs from the Department of Housing and Community Development (DHCD) to the Maryland Department of Planning (MDP) and the Department of Human Resources (DHR).

Fiscal Summary

**State Effect:** General fund expenditure increase of \$577,600 in FY 2006 only to perform office renovations, upgrade equipment, and move staff from Crownsville to Baltimore. Based on the FY 2006 budget and the Budget Reconciliation and Financing Act, and accounting for the bill's October 1, 2005 effective date, at least \$21.1 million (including \$18.5 million in general funds, \$1.6 million in special funds, \$814,121 in federal funds, and \$111,212 in reimbursable funds), and at least 72 permanent positions and 13.3 contractual positions, would be transferred to MDP in FY 2006. In addition, an estimated \$863,250 in general obligation (GO) bond revenues would be transferred to MDP. An estimated \$38,570 in general funds and one permanent position would be transferred to DHR in FY 2006.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	577,600	0	0	0	0
Net Effect	(\$577,600)	\$0	\$0	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The bill transfers the Division of Historical and Cultural Programs (including the Maryland Historical Trust (MHT) and the Commission on African American History and Culture) and the Maryland Heritage Areas Authority (MHAA) from DHCD to MDP. MHT must dedicate administrative staff for MHAA. The bill establishes various provisions regarding the duties and the authority of the Secretary of Planning.

The bill transfers the Commission on Indian Affairs from DHCD to DHR.

The bill repeals the Lighthouse Preservation Special Fund within DHCD and provides that any outstanding balance in the fund on September 30, 2005 be transferred to the MHT Grant Fund (that would, under the bill, be transferred from DHCD to MDP).

The bill establishes provisions regarding the transfer of personnel, records, files, furniture, fixtures, assets, liabilities, obligations, special funds, grants, loans, unexpended appropriations, regulations, permits, licenses, and all other duties and responsibilities. All employees in affected budgeted positions as of October 1, 2005 would be transferred to MDP or DHR, as appropriate.

**Current Law:** The Division of Historical and Cultural Programs within DHCD administers a number of federal and State programs to identify, evaluate, protect, and interpret historical and cultural resources throughout the State. The division includes the Commission on African American History and Culture, the Commission on Indian Affairs, and MHT. The division administers several special funds, including the Heritage Structure Rehabilitation Tax Credit Reserve Fund, the MHT Loan Fund, the MHT Grant Fund, the Historic Marker Program Fund, and the Lighthouse Preservation Special Fund. In addition, revenues from the sale of MHT Press publications are deposited into a revolving publications fund.

MHT, the chief operating unit within the division, was formed in 1961 to assist the people of Maryland in identifying, studying, evaluating, preserving, protecting, and interpreting Maryland's significant prehistoric and historic districts, sites, structures, cultural landscapes, heritage areas, cultural objects, and artifacts, as well as less tangible human and community traditions. MHT acts as the State Historic Preservation Office in fulfillment of the requirements of the National Historic Preservation Act.

MHAA is an independent unit of government in the Executive Branch that operates in DHCD. MHAA was established in 1996 to achieve economic growth by fostering heritage tourism development and preservation activities. MHAA administers the

MHAA Financing Fund. In accordance with the State budget, the Division of Historical and Cultural Programs is required to dedicate administrative staff for the authority.

**Background:** The fiscal 2006 operating budget includes \$28.1 million for the Division of Historical and Cultural Programs within DHCD, including approximately \$25.0 million in general funds, \$1.9 million in special funds, \$1.1 million in federal funds, and \$148,300 in reimbursable funds. The fiscal 2006 budget includes 73 permanent positions (reflecting an estimated reduction of two vacant positions pursuant to budget language) and 13.3 contractual positions. The general fund appropriation will be reduced by \$200,000 contingent upon the enactment of legislation authorizing DHCD to charge a fee to certify heritage structures. As passed by the General Assembly, the Budget Reconciliation and Financing Act of 2005 (HB 147) provides for such a fee.

The capital budget for fiscal 2006 includes approximately \$1.2 million in GO bonds for the division (\$1 million for the MHT Capital Grant Fund, and \$151,000 for the State Archeological Equipment Facility in Anne Arundel County).

### **State Expenditures:**

#### *Transfers*

Effective October 1, 2005, the entire Division of Historical and Cultural Programs would be transferred out of DHCD; accordingly, all unexpended appropriations for the division as of that date would be transferred from DHCD to MDP and DHR, as appropriate, via budget amendment.

All programs within the division except for the Commission on Indian Affairs would be transferred to MDP. Based on the fiscal 2006 operating budget and the Budget Reconciliation and Financing Act, and accounting for the bill's October 1, 2005 effective date, an estimated \$21.1 million (including \$18.5 million in general funds, \$1.6 million in special funds, \$814,121 in federal funds, and \$111,212 in reimbursable funds), as well as 72 permanent positions and 13.3 contractual positions, would be transferred to MDP. This reflects the contingent reduction of \$200,000 in general funds and a corresponding increase in special funds that is anticipated to result from the enactment of HB 147, which will result in the establishment of fees for certifying heritage structures and rehabilitations. In addition, based on the capital budget for fiscal 2006, and accounting for the bill's October 1, 2005 effective date, an estimated \$863,250 in GO bond revenues would be transferred to MDP.

Additional support functions and staffing currently provided by other divisions within DHCD may need to be transferred to MDP. A complete agency analysis was unavailable in time for inclusion in this fiscal and policy note.

Based on the fiscal 2006 budget, and accounting for the bill's October 1, 2005 effective date, an estimated \$38,570 in general funds and one permanent position, reflecting that portion of the division's budget associated with the Commission on Indian Affairs, would be transferred to DHR.

The estimated transfers assume that the fiscal 2006 appropriation would be evenly spent throughout the fiscal year.

*Costs to Implement the Transfer*

General fund expenditures could increase by an estimated \$577,600 in fiscal 2006 only to accommodate the transfer of the division to MDP. This estimate includes costs to renovate office space at 301 W. Preston St. to accommodate new staff, costs for information technology (IT) upgrades to accommodate new users, and costs to move staff from Crownsville to Baltimore. The information and assumptions used in calculating the estimate are stated below:

- at least 43 positions (one of which is currently vacant) would be relocated from Crownsville to 301 W. Preston St.;
- all other positions would remain at Jefferson Patterson Park and Museum in Calvert County, Banneker-Douglass Museum in Annapolis, and the State Archives;
- moving costs (estimated at \$50,000) extrapolated from actual costs incurred by the Maryland Department of the Environment during its 2002 move from Dundalk to Montgomery Park; and
- IT upgrades at 301 W. Preston St., Jefferson Patterson Park and Museum, and Banneker-Douglass Museum.

Renovations to 301 W. Preston St.	\$400,000
IT Upgrades	127,600
Moving Costs	<u>50,000</u>
<b>Total FY 2006 MDP Expenditures</b>	<b>\$577,600</b>

MDP advises that it would likely need a budget amendment to be able to perform the necessary upgrades and renovations prior to the bill's effective date (October 1). The upgrades and renovations would need to be *completed* by that date.

DHR advises that costs would increase to hire an office secretary to support the Commission on Indian Affairs (and the one administrator) that would be transferred to DHR. Legislative Services disagrees. According to DHCD, only an estimated 5% of one secretary within DHCD provides support for the commission and its administrator. Accordingly, it is assumed that any additional secretarial support could be absorbed within existing budgeted resources of DHR. DHR would incur costs to move the administrator from Crownsville to Baltimore; any such costs are not anticipated to be significant.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Planning, Department of Human Resources, Department of Housing and Community Development, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2005  
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