

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 415

(Delegates Doory and McIntosh)

Environmental Matters

Budget and Taxation

Natural Resources - Program Open Space Funds - Transfer to Maryland
Heritage Areas Authority Financing Fund and Required Study

This bill increases the amount of Program Open Space (POS) funding, from \$1 million to up to \$3 million, that is authorized to be transferred to the Maryland Heritage Areas Authority Financing Fund. By December 1, 2005, the Maryland Heritage Areas Authority (MHAA) must study and report to specified committees of the General Assembly regarding the status, expense, and achievements related to heritage areas.

Fiscal Summary

State Effect: Overall State finances would not be directly affected; the bill could result in the transfer of an additional \$2 million annually from POS to the Maryland Heritage Areas Authority Financing Fund within the Maryland Department of Planning (MDP). Potential minimal increase in individual and corporate income tax revenues as a result of any economic development. MHAA could conduct the required study and report using existing budgeted resources.

Local Effect: In general, POS funding is distributed evenly to the State and local governments. Because the allocation of State and local POS funding is made after the transfer of funds to MHAA, local POS revenues could decrease by up to \$1 million annually. Local revenues for heritage tourism projects could increase, however. Potential minimal increase in local tax revenues as a result of any economic development.

Small Business Effect: Potential meaningful.

Analysis

Current Law: POS, established in 1969, provides funds for State and local acquisition and development of public outdoor recreation sites, facilities, and open space. POS is statutorily funded through special funds derived from the State's real estate property transfer tax. Current law provides that, of the transfer tax revenues distributed to POS, \$1 million may be transferred by an appropriation in the State budget or by budget amendment to the Maryland Heritage Areas Authority Financing Fund. Of the remaining funds, half is allocated for State acquisition and half is allocated to local governing bodies for acquisition and development of land for recreation and open space purposes.

MHAA was originally established within the Department of Housing and Community Development (DHCD). Chapter 440 of 2005 transfers MHAA to MDP effective October 1, 2005.

Background: MHAA was established in 1996 to foster heritage tourism by providing technical and financial assistance to create additional historic and cultural destinations within the State. The Maryland Heritage Areas Authority Financing Fund generally receives \$1 million annually from the real estate transfer tax through POS. The fiscal 2006 budget includes a transfer of \$1 million to the fund.

Small Business Effect: The Heritage Areas Program is designed to stimulate economic development by enhancing historic and natural resources for heritage tourism purposes. According to DHCD, as of January 2005, there are 10 certified heritage areas and three recognized heritage areas throughout the State. To the extent additional funding is transferred to the program, tourism businesses could benefit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Department of Housing and Community Development, Department of Legislative Services

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Analysis by: Lesley G. Cook

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