

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 69 (Delegate Franchot)
 Appropriations

Office of Smart Growth - General Fund Appropriation

This bill requires the Governor to include in the annual budget bill a general fund appropriation for the Office of Smart Growth (OSG) in an amount not less than the amount of the Governor’s proposed general fund appropriation for OSG for fiscal 2002.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: General fund expenditures for OSG could increase by \$687,000 annually. No effect on revenues.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	687,000	687,000	687,000	687,000	687,000
Net Effect	(\$687,000)	(\$687,000)	(\$687,000)	(\$687,000)	(\$687,000)

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

Local Effect: None.

Small Business Effect: None.

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 Chapter 566, 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, the Maryland Department of Planning (MDP) is directed to carry out the development and implementation of the strategy.

Background: The funding history for OSG is presented in **Exhibit 1**. In each of the three years OSG was funded, the General Assembly made reductions to the general fund appropriation for OSG. Like other State agencies, OSG was also subject to executive cost containment in fiscal 2002 through 2004; consequently, actual expenditures were even lower.

Exhibit 1
Funding History for OSG

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>
Governor's Allowance	\$687,000	\$752,683	\$590,450
Legislative Appropriation	405,132	250,872*	541,909
Actual Expenditures	403,129	568,672*	460,504

*Although the General Assembly significantly reduced funding for OSG in the fiscal 2003 budget, it also mandated the transfer of four positions and associated funding of \$349,516 – two each from MDP and the Department of National Resources; the transfer of funds was accomplished by budget amendment.

Source: Department of Legislative Services

Although OSG still exists in statute, since June 2003, OSG staff have been working on MDP programs and operating out of MDP's Baltimore office. The fiscal 2005 budget assumed assimilation of OSG into MDP; three positions and associated expenditures (totaling approximately \$232,000 in general funds) were transferred to MDP. Accordingly, neither the fiscal 2005 budget nor the Governor's proposed fiscal 2006 budget includes funding for OSG.

State Expenditures: The Governor's proposed fiscal 2002 general fund appropriation for OSG totaled \$687,000. Under this bill, the Governor would be required to include in the annual budget bill a general fund appropriation for OSG in an amount not less than that amount. Accordingly, general fund expenditures for OSG could increase by \$687,000 annually.

Legislative Services advises that the extent to which the Governor would reduce other agency allowances to offset the bill's mandated appropriation is unknown. Also unknown is the extent to which the General Assembly would reduce the Governor's allowance for OSG in any given year.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 27, 2005
ncs/ljm

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