

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 820 (Delegate James, *et al.*)
Appropriations and Environmental Matters

Higher Education - Land Preservation

This bill applies specified provisions regarding the disposition of excess real property established by Chapter 473 of 2005 to property that is subject to the control of a State institution of higher education.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Although the bill would subject additional property to the more stringent requirements regarding the disposition of excess real property established by Chapter 473 of 2005, the bill's changes are not anticipated to have a significant impact on State finances. The Maryland Department of Planning (MDP), the Board of Public Works (BPW), the Department of General Services (DGS), and State institutions of higher education could handle any increase in workload with existing budgeted resources.

Local Effect: The bill is not anticipated to have a significant impact on local finances.

Small Business Effect: Minimal or none.

Analysis

Current Law: The Board of Regents of the University System of Maryland (USM) may, subject to specified provisions, acquire, hold, lease, use, encumber, transfer, exchange, or dispose of real and personal property. With the approval of BPW, the Board of Regents may sell or exchange any part of its properties. Money received from

the sale of property may be used, if approved by BPW, only to purchase or improve property and facilities. Subject to the approval of BPW, the Board of Regents of Morgan State University may acquire, lease, encumber, sell, or otherwise dispose of real property held by the State for the use of Morgan State University. Subject to the approval of BPW, the Board of Trustees of St. Mary's College of Maryland may acquire, lease, encumber, sell, or otherwise dispose of real property held by the State for the use of St. Mary's College of Maryland. Subject to the approval of BPW, Baltimore City Community College may acquire, sell, lease, encumber, or otherwise dispose of real property of the college.

Each unit of State government is required to notify MDP in writing of any real property that is in excess of the needs of the unit or any substantial change to any real property owned by the State. After MDP receives notice, MDP must study the proper disposition of the property, determine whether any local government or unit of State government is interested in the property, and make an appropriate recommendation to the unit of State government and to BPW.

Chapter 473 of 2005 established additional requirements for the proposed disposition of specified property owned by the State in fee simple, including Program Open Space lands, Rural Legacy Program lands, public park land and recreational areas, wildland and open areas, heritage conservation areas, forest conservation areas, GreenPrint areas, and other specified lands. Specifically, the using unit must provide additional information regarding the property to MDP with its notice. MDP must: (1) notify specified committees and members of the General Assembly as well as adjacent property owners; (2) either hold a public hearing or accept and consider written public comments, depending on the estimated value of the property; (3) determine whether any proposed disposition would conform to the local comprehensive plan; and (4) consolidate the information into a public record and submit it to the using unit. After review of the record, the using unit may rescind the notice of excess property. If the using unit does not do so, MDP must make an appropriate recommendation to the using unit and BPW and notify specified entities of the recommendation.

Chapter 473 of 2005 also established additional provisions relating to the surplus of real property in the State. These additional provisions apply to State-owned real property identified in the excess-process portions of Chapter 473 and State-owned real or personal property funded pursuant to an appropriation act of the General Assembly that has an appraised value of over \$100,000. For such property, BPW may not approve the sale, transfer, grant, or exchange until: (1) DGS has submitted to BPW two independent appraisals; (2) BPW submits information to specified committees of the General Assembly; and (3) 45 days have elapsed since the committees received the notice and BPW declared the property as surplus. If BPW has declared the property as surplus,

BPW must sell the property to the federal government, a local government, or a unit of federal or local government for \$1 if the government or unit has indicated an interest in acquiring the land and a restrictive covenant is placed on the deed of transfer.

In general, for property that meets both of the above conditions, the Legislative Policy Committee or the full General Assembly must approve any proposed disposition.

Background: This bill stems from the recent proposal relating to the potential sale of the Donaldson Brown (Riverfront) Conference Center in Cecil County. In 1965, Donaldson Brown bequeathed the mansion and surrounding 20 acres to the University of Maryland, Baltimore (UMB). Since then, UMB has operated the property as a conference center and retreat. According to UMB, the center has not produced revenue for the last several years and would require a building addition and significant upgrades in order for it to attract users. As a result, the USM Board of Regents determined that the center would be a good candidate for public/private partnership or developer partner opportunities. In November 2005, a Request for Proposal (RFP) for the purpose of soliciting a development partner was prepared and issued. Subsequently, the RFP was amended to include offers for the purchase of the center.

Concern has been raised that local officials and residents were not notified of the potential sale until the process was underway. The House Environmental Matters Committee and Appropriations Committee held a hearing on the potential sale of Donaldson Brown in February 2006. Subsequent correspondence from the USM Chancellor and UMB President indicates that none of the bids that were received to purchase the property will be accepted. A proposal for joint development of the property is being reviewed.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Planning, Board of Public Works, Department of General Services, University System of Maryland, Morgan State University, St. Mary's College, Maryland Higher Education Commission, Department of Legislative Services

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mam/rhh

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