

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 685
Ways and Means

(Delegate Griffith, *et al.*)

Budget and Taxation

Libraries - County Library Capital Project Grant - Wealth-Based Cost Share

This bill alters the State share and local matching requirements for the county public library capital grant program, based on the per capita wealth measure used in calculating State aid formula grants for county public libraries, beginning in fiscal 2014. The bill establishes a minimum (50%) and maximum (90%) State share for a county library capital project. The State share percentage for an approved county library capital project is calculated by dividing the State aid formula grant amount by the full minimum program amount (*i.e.*, the combined State and local share under the State aid formula grant program) and multiplying the result by 1.25 (to provide a minimum 50% State share).

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: None. The bill does not alter the amount of library capital grant funding that must be provided annually, but may alter the number of projects funded each year.

Local Effect: Beginning in FY 2014, for 12 counties the local matching requirement (for county, municipal, and private sources) will be below 50% for all library capital grants that are approved by the State through the public library capital grant program.

Small Business Effect: None.

Analysis

Current Law/Background:

Library Formula Aid

The library aid formula distributes State aid to the local library boards on a wealth-equalized basis. Although overall State and local sharing of the minimum program is approximately 40% State and 60% local, the State's share for a specific library board varies depending on county wealth. Less affluent counties receive more aid per resident than affluent counties. However, no library board may receive less than 20% of the per capita minimum program from the State.

The calculation of the State and local shares of formula aid for a library board is based on county population and wealth. For purposes of the library aid formula, the statute defines population and wealth as follows:

- *County population:* population based on the decennial census or more recent estimates by the Department of Health and Mental Hygiene, available by July 1 of the calendar year prior to the year of calculation; and
- *County wealth:* the sum of adjusted assessed valuation of real property and public utility operating property for the prior fiscal year, as determined by the State Department of Assessments and Taxation, and net taxable income as of July 1 as determined by the Comptroller.

The local share of each library board's minimum per capita program equals the local contribution rate multiplied by county wealth. The local contribution rate is a statewide "tax" rate representing the counties' aggregate share of the minimum library program divided by total county wealth. Specifically, the local contribution rate equals the overall local share (60%) multiplied by the per capita program level multiplied by total State population and divided by total State wealth. (The per capita program level is set at \$14 through fiscal 2016, increases to \$14.30 in fiscal 2017, to \$14.60 in fiscal 2018, and is set at \$15 for fiscal 2019 and subsequent years.)

The State's share of each library board's minimum per capita program equals the local share subtracted from the product of the per capita program and county population.

Public Library Capital Project Grants

The Governor must include \$5.0 million annually in either the State capital or operating budget for library capital projects. Grants from the program require a match from any

combination of county, municipal, or private sources. State grants may not pay more than 50% of the total cost of the project and may not be less than \$20,000. The Division of Library Development and Services within the Maryland State Department of Education (MSDE) administers the capital grant program and must conduct a uniform and objective analysis of proposed projects and support projects that address the library needs in the State.

The bill reflects recommendations resulting from a study conducted by MSDE in cooperation with the Maryland Association of Public Library Administrators, at the request of the 2012 *Joint Chairmen's Report* of the Senate Budget and Taxation Committee and the House Appropriations Committee. According to MSDE, Allegany, St. Mary's, and Wicomico counties have each rescinded grant awards under the public library capital grant program due to an inability to certify the required 50% local match. **Exhibit 1** shows the allocation of library capital grants since the program's inception in fiscal 2008.

Exhibit 2 shows the estimated State share and the local match percentages within the public library capital grant program for fiscal 2014, under the bill. Twelve counties will have a local matching requirement (for county, municipal, and private sources) below 50% for all library capital grants that are approved by the State through the public library capital grant program. In two counties, Allegany and Somerset, the maximum 90% State share would be provided for approved fiscal 2014 grants. Through fiscal 2018, on average, it is estimated that cumulative changes to the local matching requirements for these counties will be within plus or minus three percentage points.

Exhibit 1
Public Library Capital Grants
Fiscal 2008-2013

County	Total Grants
Allegany	\$63,000
Anne Arundel	244,800
Baltimore City	1,814,000
Baltimore	2,150,000
Calvert	0
Caroline	139,550
Carroll	1,369,000
Cecil	840,000
Charles	800,000
Dorchester	0
Frederick	542,000
Garrett	0
Harford	373,000
Howard	5,307,735
Kent	389,000
Montgomery	3,996,280
Prince George's	1,310,700
Queen Anne's	0
St. Mary's	887,000
Somerset	554,500
Talbot	1,240,000
Washington	2,819,935
Wicomico	117,000
Worcester	67,500
Total	\$25,025,000

Exhibit 2
State Share and Local Match for Library Capital Grants under the Bill
Fiscal 2014

County	State Share	Local Match
Allegany	90%	10%
Anne Arundel	50%	50%
Baltimore City	87%	13%
Baltimore	58%	42%
Calvert	50%	50%
Caroline	72%	28%
Carroll	50%	50%
Cecil	63%	37%
Charles	54%	46%
Dorchester	68%	32%
Frederick	50%	50%
Garrett	50%	50%
Harford	53%	47%
Howard	50%	50%
Kent	50%	50%
Montgomery	50%	50%
Prince George's	67%	33%
Queen Anne's	50%	50%
St. Mary's	50%	50%
Somerset	90%	10%
Talbot	50%	50%
Washington	70%	30%
Wicomico	82%	18%
Worcester	50%	50%

Additional Information

Prior Introductions: None.

Cross File: SB 633 (Senator Peters, *et al.*) - Budget and Taxation.

Information Source(s): Kent and Montgomery counties, Maryland State Department of Education, Department of Legislative Services

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ncs/rhh

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