

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 569 (Senator Kasemeyer)  
Budget and Taxation

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Capital Budget - Local Initiatives - Matching Funds

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This bill expands the type of expenses eligible to match State capital grants. For a capital project or program for which a matching fund is required, and the matching fund is authorized to include in-kind contributions, the grantee may include the salaries or wages paid to employees for work that relates to the project in the value of the matching fund.

The bill takes effect June 1, 2013.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** To the extent that State capital grants require a matching fund that consists of in-kind contributions, any local governments that are grantees may benefit from the inclusion of project-related salaries as an eligible match to State capital funds.

**Small Business Effect:** Minimal.

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Analysis

**Current Law/Background:** Historically, the annual capital budget bill includes an earmark for “local” projects as determined by the legislature. To be considered for funding, a legislator must submit a bond bill request for the individual project or entity, which details the amount of State debt authorized and the allowable uses of the funds. Bond bills may be requested (1) as a grant with no matching funds required; (2) with an unequal match, under which the grantee must raise a portion of the award; or (3) with an equal match, under which the grantee must raise an equivalent amount of matching funds.

Matches may be classified as “hard” or “soft.” A “hard” match is “cash in hand” and may include money from any source, other than State sources. A “soft” match may be made up of real property, in-kind contributions (donated services or materials), or funds expended for the project prior to the effective date of the bond bill (June 1 of the year the bill is passed). A “soft” match may consist of a combination of the above-mentioned elements, including cash. A matching fund may also be greater than, equal to, or less than the State contribution, though at least an equal match is preferred.

Local projects must expend their matching funds before State funds are distributed, and State funds are provided as reimbursement for expenditures. Local projects have up to seven years to use State funds provided through the capital budget.

According to the Department of Budget and Management, most State capital grants require a hard match or a dollar-for-dollar match; thus, this bill applies in a limited number of cases.

The Governor’s proposed fiscal 2014 capital program includes a total of \$1.556 billion, of which \$38.9 million is designated for Administration local projects and \$15.0 million is designated for legislative projects.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** *Guidelines for the Submission of Individual Bond Bill Requests to the Maryland General Assembly*, November 2012; Department of Budget and Management; Department of General Services; Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2013  
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