

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 462
 Appropriations

(The Speaker, *et al.*) (By Request - Administration)

Budget and Taxation

Program Open Space - Transfer Tax Repayment - Use of Funds

This Administration bill (1) takes actions to restore funding to the special fund into which transfer tax revenues are deposited (transfer tax special fund) and programs and purposes supported by the fund; (2) increases the amount of the State’s share of Program Open Space (POS) funding that must be allocated for direct grants to Baltimore City for park purposes; and (3) eliminates specified required appropriations to the Rainy Day Fund.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund revenue reductions in FY 2017 and 2018 and a general fund expenditure increase in FY 2018 have a combined negative general fund impact of \$20.0 million in FY 2017 and \$45.0 million in FY 2018. General fund expenditures decrease, overall, by \$28.3 million in FY 2019 and increase in FY 2020 and 2021 by \$21.6 million and \$72.4 million, respectively. Special fund revenues and expenditures increase or decrease in a manner that in large part inversely corresponds to the general fund impact in each year, reflecting the shifting of funds between the general fund and the transfer tax special fund. **This bill establishes mandated appropriations beginning in FY 2018.**

(\$ in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GF Revenue	(\$20.0)	(\$40.0)	\$0	\$0	\$0
SF Revenue	\$20.0	\$40.0	(\$29.0)	\$21.0	\$71.7
GF Expenditure	\$0	\$5.0	(\$28.3)	\$21.6	\$72.4
SF Expenditure	\$20.0	\$40.0	(\$29.0)	\$21.0	\$71.7
Net Effect	(\$20.0)	(\$45.0)	\$28.3	(\$21.6)	(\$72.4)

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

Local Effect: Local government revenues from the local component of POS (POS – Local) funding (1) increase collectively by \$5.0 million in FY 2017 and \$11.0 million in FY 2018 and (2) in FY 2019 and future years, are affected in a manner corresponding with impacts on transfer tax special fund POS expenditures, the source of POS – Local funding. In addition, Baltimore City revenues from direct grants from the State’s share of POS funding increase annually.

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

Reimbursement of Fiscal 2006 Transfer

Existing provisions requiring specified reimbursement of certain transfers from the transfer tax special fund to the general fund, beginning in fiscal 2019, if a condition is met, are repealed. Due to exemptions of recent transfers from those provisions, the provisions apply only to \$90 million transferred to the general fund in fiscal 2006.

New provisions are established that mandate general fund appropriations over multiple years that represent reimbursement for the \$90 million transferred in fiscal 2006:

- \$5.0 million – appropriated in fiscal 2018 to the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) to provide grants for the use of the Next Generation Farmland Acquisition Program;
- \$45.0 million – appropriated in fiscal 2019, 2020, and 2021 (\$15.0 million each fiscal year) to the transfer tax special fund, to be allocated according to an existing allocation among POS, the Agricultural Land Preservation Fund, the Rural Legacy Program, and the Heritage Conservation Fund; and
- \$40.0 million – appropriated in annual amounts of \$6.0 million in fiscal 2019 through 2024 and \$4.0 million in fiscal 2025 for park development and critical maintenance of State projects located on lands managed by the Department of Natural Resources (DNR) for public purposes.

Reduction of Fiscal 2017 and 2018 Transfers

The bill reduces existing authorizations for the Governor to transfer \$82.8 million and \$86.0 million from the transfer tax special fund to the general fund in fiscal 2017 and 2018, respectively. The fiscal 2017 authorization is reduced by \$20 million (to \$62.8 million) and the fiscal 2018 authorization is reduced by \$40 million (to \$46.0 million). The bill also requires \$20 million in fiscal 2017 and \$40 million in fiscal 2018 to be distributed from the transfer tax special fund, in specified amounts shown in **Exhibit 1**, to specified land preservation and capital development programs and purposes. The fiscal 2017 budget includes pay-as-you-go (PAYGO) special fund appropriations totaling \$20 million that are contingent on the enactment of legislation to increase funding for land preservation programs.

Exhibit 1
Required Distributions in Fiscal 2017 and 2018

<u>Program/Purpose</u>	<u>FY 2017</u>	<u>FY 2018</u>
Program Open Space – State	\$4,000,000*	\$3,412,000
Program Open Space – Local	5,000,000	11,000,000
Rural Legacy	4,862,000	9,000,000
Critical Maintenance	2,000,000	2,000,000
Natural Resources Development Fund	138,000	5,088,000
Ocean City Beach Maintenance	500,000	500,000
Maryland Agricultural Land Preservation Fund	3,500,000	9,000,000
Total	\$20,000,000	\$40,000,000

*The fiscal 2017 budget bill indicates that this distribution is intended to be used for a Baltimore City direct grant for Eager Park.

Reimbursement of Fiscal 2016, 2017, and 2018 Transfers

The bill requires the Governor to appropriate from the general fund to the transfer tax special fund an amount equal to the cumulative amount of the appropriations or transfers from the transfer tax special fund to the general fund in fiscal 2016, 2017, and 2018, less \$72 million. The Governor must appropriate at least (1) one-third of the amount by June 30, 2021; (2) two-thirds of the amount by June 30, 2025; and (3) the total amount by June 30, 2029. The appropriations to the transfer tax special fund are allocated according to an existing allocation among POS, the Agricultural Land Preservation Fund, the Rural Legacy Program, and the Heritage Conservation Fund.

Reimbursement of Any Future Transfers

If an appropriation or a transfer from the transfer tax special fund to the general fund occurs after fiscal 2018, the cumulative amount of the appropriation or transfer must be reimbursed by general fund appropriations in each of the three successive fiscal years, each equal to one-third of the cumulative amount of the appropriation or transfer from the transfer tax special fund to the general fund. The appropriations are allocated according to an existing allocation among POS, the Agricultural Land Preservation Fund, the Rural Legacy Program, and the Heritage Conservation Fund.

Baltimore City Direct Grants

The bill modifies the amount of the State's share of POS funding that must be allocated for direct grants to Baltimore City for projects which meet park purposes. In place of the existing requirement that Baltimore City receive at least \$1.5 million in direct grants each fiscal year, the bill requires that Baltimore City receive direct grants in the amount of \$1.5 million in fiscal 2017, \$3.5 million in fiscal 2018, \$5.5 million in fiscal 2019, and \$6.0 million in fiscal 2020 and each subsequent fiscal year. The bill also requires that a portion of the \$3.5 million of direct grants in fiscal 2018 be used for capital purposes related to specified projects, in accordance with specified amounts: \$500,000 – Herring Run Park; \$600,000 – Clifton Park; \$300,000 – Druid Hill Park Trail Head; \$300,000 – James Mosher Park; and \$300,000 – Patterson Park.

Adjustments of Mandated Reimbursement Appropriations

The bill establishes provisions relating to most of the reimbursement appropriations required under the bill that provide for the reduction of those amounts if other, specified nonrequired amounts are appropriated from the general fund to the transfer tax special fund and identified as appropriations for those specific reimbursements.

Elimination of Specified Rainy Day Fund Appropriations in Fiscal 2017, 2018, and 2019

For fiscal 2017, 2018, and 2019, the bill eliminates a requirement that the Governor include in the budget bill an appropriation to the Revenue Stabilization Account (Rainy Day Fund) equal to a specified portion of the amount by which the unappropriated general fund surplus as of June 30 of the second preceding fiscal year exceeds \$10 million. The bill indicates that it is the intent of the General Assembly that these changes are necessary in order to assure that sufficient general funds are available to support the bill.

Intention to Return to Full Funding

The bill establishes the intent of the General Assembly that, beginning in fiscal 2019, the transfer tax special fund return to full funding through the distribution of State transfer tax revenues in accordance with the bill.

Reporting

The bill establishes the intent of the General Assembly that, beginning in fiscal 2018, if the Governor appropriates or transfers funds from the transfer tax special fund to the general fund, the Department of Budget and Management (DBM) must submit a report to specified legislative committees that specifies a plan for reimbursement and identifies alternative funding sources for the ongoing operations of affected programs.

Authorization of a Budget Amendment for Maryland Zoo Funding

The Governor is authorized in fiscal 2017 to process a budget amendment from the unencumbered balance in the accounts of POS to create an appropriation of \$500,000 to be allocated as a grant to the Maryland Zoo in Baltimore for expenses related to zoo operations.

Current Law:

Allocation of Transfer Tax Revenue

Revenue from the transfer tax, after payment of any debt service on outstanding bonds secured by a pledge of the State transfer tax and deduction of costs of administering the transfer tax, is paid to the Comptroller for deposit in a special fund.

Chapter 425 of 2013 (Budget Reconciliation and Financing Act of 2013), notwithstanding any other law, authorized the Governor to transfer specified amounts from the transfer tax special fund to the general fund in each fiscal year from fiscal 2014 through 2018 (the fiscal 2015 and 2016 amounts were increased by subsequent budget reconciliation legislation). The amounts authorized to be transferred in fiscal 2016, 2017, and 2018 are \$115,366,700, \$82,771,000, and \$86,028,000, respectively.

Of remaining amounts in the special fund not transferred to the general fund under Chapter 425 (or subsequent budget reconciliation legislation), up to 3% may be appropriated in the State budget for salaries and related expenses in the Department of General Services (DGS), DNR, and the Maryland Department of Planning (MDP) necessary to administer POS. Remaining funds are distributed as follows:

- 75.15% – POS (for purposes under the program, including land acquisition);
- 1% – POS (land acquisition);
- 17.05% – Agricultural Land Preservation Fund;
- 5% – Rural Legacy Program; and
- 1.8% – Heritage Conservation Fund.

The POS allocations are subject to further allocation among the State and local components of the program and other purposes, including funding to operate State forests and parks. The POS allocations for State land acquisition and the Agricultural Land Preservation Fund allocation are subject to reductions equal to any debt service paid on outstanding bonds attributable to those purposes.

Future Repayment of Previous Transfers

Provisions governing the transfer tax special fund establish a process for certain funds transferred from the special fund to the general fund to be reimbursed to the special fund beginning in fiscal 2019, if the unappropriated general fund surplus as of June 30 of the second preceding year exceeds \$10 million. The general fund appropriation in an applicable fiscal year, to satisfy the reimbursement requirement, generally equals at least the lesser of \$50 million or the excess surplus over \$10 million. Due to exemptions of recent transfers from those provisions, the provisions apply only to \$90 million transferred in fiscal 2006.

Other Mandated Appropriations Based on General Fund Surplus

Subject to the above requirement that funds be reimbursed to the transfer tax special fund beginning in fiscal 2019, the Governor, in fiscal 2017 through 2020, must include the following appropriations in the budget bill:

- to the accumulation funds of the State Retirement and Pension System, an amount, up to \$50 million, equal to half of the amount by which the unappropriated general fund surplus as of June 30 of the second preceding fiscal year exceeds \$10 million; and
- to the Rainy Day Fund, an amount equal to the amount by which the unappropriated general fund surplus as of June 30 of the second preceding fiscal year exceeds \$10 million, less the amount of the appropriation to the accumulation funds of the State Retirement and Pension System.

For fiscal 2021 and each fiscal year thereafter, the Governor must include in the budget bill only an appropriation to the Rainy Day Fund, equal to the amount by which the

unappropriated general fund surplus as of June 30 of the second preceding fiscal year exceeds \$10 million.

The required appropriations to the Rainy Day Fund may be reduced by the amount of other appropriations to the fund (required under other provisions, based on the level of the balance in the fund) in the same fiscal year.

Background:

Use of Transfer Tax Revenues to Balance Operating Budget

A significant amount of transfer tax funding that otherwise would have been distributed among POS and other land preservation programs has been transferred in recent years to help balance the State's operating budget. Those funds have been partially replaced with general obligation bond funding. **Appendix 1** shows a history of the transfers and replacement funding.

Affected Programs

Program Open Space (including Critical Maintenance, Natural Resources Development Fund, and Ocean City Beach Maintenance)

POS acquires and improves outdoor recreation and open space areas for public use. The program also preserves unique natural areas that are home to rare and endangered species. The State's goal is to conserve these lands before unaffordable land prices or development makes the task impossible. POS consists of a State and a local component.

The State component includes land acquisition funding, a direct grant of at least \$1.5 million to Baltimore City for park projects (which is in addition to funding the city receives under the local component of POS) and capital development funding. Capital development under the POS State component consists of DNR maintenance and repair projects at public use facilities (Critical Maintenance Projects), design and construction of development projects on DNR property (Natural Resources Development Fund), and Ocean City beach replenishment (the costs of which are shared with the federal government, Worcester County, and Ocean City). While the bill's distributions refer to POS – State and Critical Maintenance, Natural Resources Development Fund, and Ocean City Beach Maintenance as separate programs or purposes, those capital development efforts are funded through the State's share of POS funding. Allocations of the contingent special fund appropriations in the fiscal 2017 budget bill indicate that a Baltimore City direct grant for Eager Park is the intended purpose of the POS – State allocation of \$4.0 million.

Under the local component of POS, DNR allocates funds among the counties according to a formula established in 1982 that is based on past grant amounts, population change, and transfer tax revenue collections in each jurisdiction. To participate in the grant process, a county submits an annual program of proposed acquisition and development projects to DNR for approval. The annual program becomes the basis for a grant agreement for the county's total annual allocation. A municipality may receive POS funds through its county. The municipality must apply to its county for consideration of proposed municipal projects along with other county projects.

Rural Legacy

The Rural Legacy Program preserves large blocks of working rural lands for future generations. The program protects natural, cultural, agricultural, forest, and environmental resources from urban sprawl and development and promotes land conservation statewide by granting funds to local governments and conservation organizations (such as land trusts) to conserve land through the purchase of easements within designated rural legacy areas.

Maryland Agricultural Land Preservation Foundation (Agricultural Land Preservation Fund)

The Maryland Agricultural Land Preservation Foundation's (MALPF) mission is to preserve productive agricultural land and woodland, curb the expansion of random urban development, curb the spread of urban blight and deterioration, and protect agricultural land and woodland as open space. MALPF also has an ancillary mission to protect wildlife habitat and enhance the quality of the Chesapeake Bay and its tributaries. To these ends, MALPF purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity.

Baltimore City POS Funding

The Baltimore City direct grant funding affected by the bill is the portion (at least \$1.5 million annually) of the State's share of POS funds allocated to the city, which must be used for projects which meet park purposes. Baltimore City also receives POS – Local funding apportioned among the counties and Baltimore City, and in recent years, additional direct grants from the State component (beyond the statutory minimum of \$1.5 million) have been made to the city. The fiscal 2016 budget includes \$1.5 million in Baltimore City direct grant funding and an additional \$2.3 million through POS – Local. The fiscal 2017 budget includes \$5.5 million in Baltimore City direct grant funding (including the \$4.0 million direct grant for Eager Park, contingent on the enactment of legislation) and an additional \$2.3 million through POS – Local. **Exhibit 2** shows the city's recent POS funding.

Exhibit 2
Baltimore City POS Funding
(\$ in Millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Appropriation</u>	<u>Allowance</u>
Direct Grants (POS - State)	\$2.8	\$2.5	\$7.8	\$1.5	\$5.5
POS – Local	0.9	2.0	1.5	2.3	2.3

Source: Department of Legislative Services

DNR indicates that the \$1.5 million in minimum direct grant funding is typically used for maintenance and general operations of the Baltimore City Park System and other projects as requested by the city. Projects funded with the direct grant funding are reviewed and approved by DNR, and subsequently the Board of Public Works, in the same manner as projects funded through POS – Local.

Baltimore City’s process for determining which projects are proposed for POS funding is described in the introduction to its [Consolidated Annual Program Grant Application](#). Suggestions of project sites come from city agencies, private citizens, and community organizations, and sites are evaluated based on a list of various factors.

Review of Land Preservation and Easement Acquisition Programs

In the 2015 *Joint Chairmen’s Report*, the budget committees of the General Assembly requested an evaluation of the State’s land preservation and easement acquisition programs and all capital and operating programs funded with the transfer tax. The review was conducted by a workgroup consisting of DNR, the Maryland Department of Agriculture (MDA), MDP, DBM, representatives from county parks and recreation departments, and other interested stakeholders. Some of the bill’s actions implement certain recommendations of the workgroup, or are similar to recommendations of the workgroup. For more information, see [Maryland’s Land Preservation Programs: Report to the Chairmen of the Senate Budget and Taxation Committee and House Appropriations Committee](#) (December 2015).

Next Generation Farmland Acquisition Program

The Next Generation Farmland Acquisition Program is intended to help qualified beginning or young farmers purchase farmland for sustainable agricultural uses, but is currently not funded.

State Fiscal Effect:

General Fund Impact

As shown in **Appendix 2**, the bill results in net negative impacts on the general fund in fiscal 2017 and 2018 of \$20 million and \$45 million, respectively, due largely to the reduction in the amounts that the Governor is authorized to transfer from the transfer tax special fund to the general fund in those fiscal years. In fiscal 2019, there is a net positive general fund impact due to the elimination of the existing requirement for repayment of the fiscal 2006 \$90 million transfer beginning in fiscal 2019 if a condition (discussed under Current Law) is met. From fiscal 2020 forward, there are negative general fund impacts each year through fiscal 2025 due to the allocation of appropriations to reimburse the fiscal 2006 \$90 million transfer over multiple fiscal years (from fiscal 2018 through 2025) and appropriations in fiscal 2021, 2025, and 2029, to reimburse the transfers made in fiscal 2016, 2017, and 2018, less \$72 million (the fiscal 2029 appropriation of \$50.7 million is not reflected in the Appendix). While not stated in the bill, \$72 million is roughly equivalent to certain general obligation bond and bond premium funding included in the fiscal 2016 capital budget bill (Chapter 2 of 2016) for programs otherwise funded by transfer tax revenues.

This estimate reflects the following assumptions:

- in the absence of the bill, the Governor transfers the full, authorized amounts of \$82.8 million in fiscal 2017 and \$86.0 million in fiscal 2018 from the transfer tax special fund to the general fund;
- in the absence of the bill, \$50 million is appropriated from the general fund to the transfer tax special fund in fiscal 2019 in accordance with existing provisions requiring reimbursement of \$90 million transferred from the fund in fiscal 2006, beginning in fiscal 2019, if a condition is met (only up to \$50 million is required to be appropriated in a given year, beginning in fiscal 2019, and the Department of Legislative Services' most recent general fund forecast indicates that the condition will not be met beyond fiscal 2019; thus, it is assumed that the remaining \$40 million is not reimbursed in the absence of the bill);
- the appropriation of the amount equal to the cumulative amount of appropriations and transfers from the transfer tax special fund to the general fund in fiscal 2016, 2017, and 2018, less \$72 million, is made in three equal installments in fiscal 2021,

2025, and 2029 (the bill's requirements, however, allow for those amounts to be appropriated earlier, or allocated among more fiscal years); and

- no further transfers are made from the transfer tax special fund to the general fund beyond fiscal 2018.

Included in the ongoing general fund impacts in future years are general fund personnel expenditures of \$670,147 in fiscal 2019 and similar amounts in future years, which accounts for additional funding being available for park development and critical maintenance projects under the specific appropriations for those purposes in fiscal 2019 and future years under the bill. The estimate reflects the cost of hiring seven project management and engineering personnel in DNR and DGS (three positions in DNR and four positions in DGS). Existing personnel in each agency assigned to DNR park development and critical maintenance projects cannot handle the administration of the additional projects that are undertaken with the significant additional funding provided under the bill.

Appendix 2 does not include impacts associated with the elimination of the requirement that, in fiscal 2018 and 2019, the Governor include in the budget bill an appropriation to the Rainy Day Fund equal to a specified portion of the amount by which the unappropriated general fund surplus as of June 30 of the second preceding fiscal year exceeds \$10 million. For the purposes of this fiscal and policy note, the elimination of those required appropriations are not considered reductions in spending, since the appropriations represent transfers to reserve that could support general fund spending in future years. The elimination of the required appropriations does, however, increase the Governor's flexibility to appropriate the funds for other purposes in fiscal 2018 and 2019 as the balance available in the general fund is increased. While the bill also eliminates the requirement that an appropriation be made in fiscal 2017, the fiscal 2017 budget bill includes the appropriation.

Special Fund Impact

As shown in Appendix 2, special fund revenues and expenditures (including PAYGO capital and operating expenditures) increase or decrease by amounts that, in large part, inversely correspond with the net general fund impact in each year. This reflects the fact that negative general fund impacts in a given fiscal year are largely a result of funds effectively being shifted from the general fund to the transfer tax special fund by the bill, positively impacting the transfer tax special fund. Conversely, the positive general fund impact in fiscal 2019 has a corresponding negative impact on the transfer tax special fund. Some of the general fund expenditures are not appropriations to the transfer tax special fund and therefore do not have corresponding special fund impacts, specifically (1) the \$5 million appropriation in fiscal 2018 to MARBIDCO to provide grants for the use of the

Next Generation Farmland Acquisition Program and (2) administrative expenditures for additional personnel for park development and critical maintenance projects.

As shown in Appendix 2, in fiscal 2017, special fund revenues and expenditures increase by \$20 million. The fiscal 2017 budget includes a \$16.5 million PAYGO special fund appropriation under DNR and a \$3.5 million PAYGO special fund appropriation under MDA (a total of \$20 million), which are both contingent on the enactment of legislation to increase funding for land preservation programs.

Appendices 3 and 4 show the transfer tax distribution by program under current law and under the bill for fiscal 2017 and 2018, respectively, reflecting the reduction, under the bill, of the authorized transfers to the general fund and distribution of equivalent amounts (\$20 million in fiscal 2017 and \$40 million in fiscal 2018) among specified land preservation and capital development programs and purposes.

Assuming that the Governor, in fiscal 2017, processes a budget amendment from the unencumbered balance in the accounts of POS to create an appropriation of \$500,000 for a grant to the Maryland Zoo, previously appropriated funding of that amount is redirected from being used for POS purposes to instead being used for Maryland Zoo operations.

Local Fiscal Effect: Local government revenues are affected by:

- impacts on POS – Local funding from (1) required distributions to POS – Local in fiscal 2017 and 2018 and (2) in fiscal 2019 and future years, increases or decreases in transfer tax special fund POS expenditures, the source of POS – Local funding; and
- increased Baltimore City direct grants.

These impacts are shown in Appendix 2. **Exhibit 3** shows the allocation among the counties of the \$5.0 million in special funds required to be distributed to POS – Local in fiscal 2017.

The amounts shown in Appendix 2 that represent increased Baltimore City direct grant funding reflect:

- in fiscal 2017, \$4.0 million distributed under the bill to the State component of POS, which the fiscal 2017 budget bill indicates is intended as a Baltimore City direct grant for Eager Park; and
- in fiscal 2018 and future years, the phased-in increase in the amount of the State component of POS which must be allocated for Baltimore City direct grants for

projects which meet park purposes, from \$1.5 million in fiscal 2017 to \$6.0 million by fiscal 2020.

Exhibit 3
POS – Local Allocation in Fiscal 2017

<u>County</u>	<u>Allocation</u>
Allegany	\$55,214
Anne Arundel	587,614
Baltimore City	526,942
Baltimore	664,734
Calvert	58,230
Caroline	25,851
Carroll	131,967
Cecil	68,030
Charles	119,732
Dorchester	22,059
Frederick	136,489
Garrett	27,184
Harford	195,522
Howard	346,627
Kent	16,445
Montgomery	873,065
Prince George's	751,202
Queen Anne's	35,134
St. Mary's	66,221
Somerset	15,901
Talbot	36,848
Washington	103,974
Wicomico	69,459
Worcester	65,558
Total	\$5,000,000

Source: Department of Budget and Management; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 383 (The President, *et al.*) (By Request - Administration) - Budget and Taxation.

Information Source(s): Department of Natural Resources, Department of Budget and Management, Maryland Department of Agriculture, Department of General Services, Maryland Department of Planning, Worcester County, Department of Legislative Services

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Analysis by: Scott D. Kennedy

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

**Appendix 1 – Transfer Tax Revenue Transfers and
General Obligation Bond Replacement
Fiscal 2002-2016
(\$ in Millions)**

<u>Fiscal Year</u>	<u>Transfers</u>	<u>Replacement</u>	<u>Difference</u>
2002	\$29.2	\$0.0	-\$29.2
2003	60.5	0.0	-60.5
2004	102.8	53.3	-49.5
2005	189.3	22.0	-167.3
2006	90.0	0.0	-90.0
2007	0.0	0.0	0.0
2008	0.0	0.0	0.0
2009	136.5	0.0	-136.5
2010	188.5	130.6	-57.9
2011	23.5	156.3	132.7
2012	94.5	45.8	-48.7
2013	96.9	86.6	-10.3
2014	89.2	59.4	-29.8
2015	154.7	67.1	-87.6
2016	115.4	80.2	-35.2
Total	\$1,371.0	\$701.1	-\$669.8

Source: Department of Budget and Management; Department of Legislative Services

Appendix 2 – Fiscal Impact Summary (\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
GF Revenues									
Reduction of Fiscal 2017 and 2018 Transfers	(\$20.0)	(\$40.0)							
Subtotal	(20.0)	(40.0)	\$0.0						
GF Expenditures									
Repeal of Existing Fiscal 2006 Transfer Reimbursement			(50.0)						
New Fiscal 2006 Transfer Reimbursement									
Next Generation Farmland Acquisition		5.0							
Allocated through Existing POS, ALPF, RLP, HCF Allocation			15.0	15.0	15.0				
Park Dev./Critical Maintenance			6.0	6.0	6.0	6.0	6.0	6.0	4.0
Additional Personnel for Park Dev./Critical Maintenance			0.7	0.6	0.7	0.7	0.7	0.8	0.8
Fiscal 2016, 2017, 2018 Transfers minus \$72 M (divided by 3) – Reimbursement (Allocated through existing POS, ALPF, RLP, HCF Allocation)					50.7				50.7
Subtotal	0.0	5.0	(28.3)	21.6	72.4	6.7	6.7	6.8	55.5
Net GF Impact	(20.0)	(45.0)	28.3	(21.6)	(72.4)	(6.7)	(6.7)	(6.8)	(55.5)
Corresponding SF Revenues and Expenditures	20.0	40.0	(29.0)	21.0	71.7	6.0	6.0	6.0	54.7
Local Impact									
POS – Local	5.0	11.0	(7.6)	3.4	14.8	0.0	0.0	0.0	11.4
Baltimore City Direct Grants	4.0	2.0	4.0	4.5	4.5	4.5	4.5	4.5	4.5

ALPF: Agricultural Land Preservation Fund
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HCF: Heritage Conservation Fund

POS: Program Open Space

RLP: Rural Legacy Program

**Appendix 3 – Transfer Tax Distribution for Land Preservation Programs
Under Current Law and Under the Bill
Fiscal 2017**

<u>Program</u>	<u>BRFA of 2013 General Fund Transfer</u>	<u>Budget Before Bill</u>	<u>Bill</u>	<u>Budget After Bill</u>
DNR – Land Acquisition and Planning Program Open Space – State Share	-\$23.6	\$15.4	\$4.0	\$19.4
Program Open Space – Local Share	-22.9	16.7	5.0	21.7
Rural Legacy Program	-9.2	7.8	4.9	12.7
Natural Resources Development Fund	-7.2	2.9	0.1	3.1
Critical Maintenance Program	-2.0	4.0	2.0	6.0
Ocean City Beach Maintenance	-0.5	0.0	0.5	0.5
 Maryland Department of Agriculture Maryland Agricultural Land Preservation Foundation	 -17.4	 12.7	 3.5	 16.2
 Distribution for Programs	 -\$82.8	 \$59.5	 \$20.0	 \$79.5

BRFA: Budget Reconciliation and Financing Act
DNR: Department of Natural Resources

Note: The Program Open Space – State share fiscal 2017 \$4,000,000 allocation is for a grant to the Eager Park project as part of the East Baltimore Development Initiative.

Source: Department of Budget and Management; Department of Legislative Services

**Appendix 4 – Transfer Tax Distribution for Land Preservation Programs
Under Current Law and Under the Bill
Fiscal 2018**

<u>Program</u>	<u>BRFA of 2013 General Fund Transfer</u>	<u>Estimated Budget Before Bill</u>	<u>Bill</u>	<u>Estimated Budget After Bill</u>
DNR – Land Acquisition and Planning				
Program Open Space – State Share	-\$24.8	\$17.0	\$3.4	\$20.4
Program Open Space – Local Share	-23.7	17.9	11.0	28.9
Rural Legacy Program	-9.4	8.1	9.0	17.1
Natural Resources Development Fund	-7.6	3.0	5.1	8.1
Critical Maintenance Program	-2.0	4.0	2.0	6.0
Ocean City Beach Maintenance	-0.5	0.5	0.5	1.0
 Maryland Department of Agriculture Maryland Agricultural Land Preservation Foundation	 -18.1	 13.7	 9.0	 22.7
Distribution for Programs	-\$86.0	\$64.1	\$40.0	\$104.1

BRFA: Budget Reconciliation and Financing Act
DNR: Department of Natural Resources

Source: Department of Budget and Management; Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Transfer Tax – Distribution of Revenue

BILL NUMBER: SB0383/HB0462

PREPARED BY: Carissa Ralbovsky, Budget Analyst
Maryland Department of Budget and Management
Office of Budget Analysis

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Enhanced funding for land preservation and improving State and local park facilities will have an indirect positive impact on small businesses. Park visitors increase economic activity near parks as they purchase fuel, food, etc. Agricultural land preservation encourages small scale farming operations in Maryland. Additionally, capital development projects in State and local parks create business opportunities for construction contractors.