

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 82

(Delegate Charkoudian, *et al.*)

Environment and Transportation

Finance and Budget and Taxation

Transportation – Complete Streets – Access to Healthy Food and Necessities

This bill expands the State’s complete streets policy and the Complete Streets Program (a local matching grant program administered by the Maryland Department of Transportation (MDOT)), to include a focus on access to retail stores that provide healthy food and other necessities, especially in “food deserts” designated by the Department of Housing and Community Development (DHCD). The bill may not be construed to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated in the State budget for the program. **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: No effect in FY 2019. Transportation Trust Fund (TTF) expenditures increase by \$362,500 in FY 2020; future years reflect ongoing costs and assume that \$1.0 million is provided for the program for grants each year beginning in FY 2021. Revenues are not affected.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	362,500	1,143,400	1,148,300	1,153,300	1,158,400
Net Effect	(\$362,500)	(\$1,143,400)	(\$1,148,300)	(\$1,153,300)	(\$1,158,400)

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

Local Effect: Local grant revenues increase beginning in FY 2021; local expenditures increase as local governments provide matching funds and use the matching grants for authorized purposes. Local expenditures may also increase to develop policies and become certified by MDOT.

Small Business Effect: None.

Analysis

Bill Summary: The bill expands the complete streets policy that the State Highway Administration (SHA), the Maryland Aviation Administration (MAA), and the Maryland Transit Administration (MTA) must adopt by including access to retail stores that provide healthy food and other necessities, especially in food deserts, in the list of “complete streets design features” that must be considered by the agencies.

The bill also expands the Complete Streets Program (a local matching grant program) by including preserving community character by facilitating access to retail stores that provide healthy food and other necessities, especially in food deserts, in the program’s stated goals.

Current Law:

Complete Streets Policy – Chapters 717 and 718 of 2018

Chapters 717 and 718 of 2018 generally defined a complete streets policy and specified certain factors and benefits that such a policy must include. Specifically, the Acts define a “complete streets policy” to mean a policy that *provides information for* the implementation of design features that accommodate and facilitate safe and convenient access and mobility to transportation facilities by all users, including bicyclists, motorists, pedestrians, and public transportation users.

Chapters 717 and 718 also required SHA, MAA, and MTA to each adopt and implement a complete streets policy that meets specified requirements for the State’s highways, airport facilities, and transit facilities. For example, each policy must be implemented to create a comprehensive, integrated, and connected transportation network that allows users to choose among different modes of transportation and require the accommodation of other modes of transportation, when practicable. The Acts also defined the types of complete streets design features that should be considered by the agencies, such as protected bicycle lanes, shared use pathways, and share the road signage.

Complete Streets Program – Chapters 721 and 722 of 2018

Chapters 721 and 722 of 2018 established the Complete Streets Program as a competitive matching local grant program within MDOT. The Acts did not mandate a specific appropriation for the program; instead, the Acts required that funding be as provided by the Governor in the State budget. In addition, the legislation provided that the Acts may not be construed to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated in the State budget for the program.

Under the program, a local government that develops a complete streets policy and is certified by MDOT may apply for matching grants to finance the design and planning of eligible projects. The stated purpose of the program is to encourage local governments to, among other things, adopt and utilize complete streets design elements in transportation projects. The stated goals of the program include, among other things, improving safety, reducing traffic congestion, and promoting healthy communities.

Once certified by MDOT, a local government may apply for matching grants from the program. Grant funds may only be used for costs associated with the implementation of the complete streets policy, as specified, and the design and planning of eligible projects, which are specified projects that include the addition of or significant repair to facilities that provide access for users of multiple modes of transportation. Chapters 721 and 722 also established a workgroup to assist MDOT in developing and reviewing the regulations required to implement the program.

Designation of Food Deserts in the State

DHCD, on the recommendation of the Interagency Food Desert Advisory Committee, may designate an area as a food desert after considering (1) the availability of fresh fruit, vegetables, and other healthy foods in the area; (2) income levels of local residents; (3) transportation needs of local residents and the availability of public transportation; (4) comments from local governments; and (5) any other factors it considers relevant.

The Interagency Food Desert Advisory Committee was established by Chapter 228 of 2014. The committee must (1) advise and make recommendations to DHCD on the development and adoption of regulations related to food desert projects; (2) make recommendations to the Secretary of Housing and Community Development on applications for designating an area as a food desert; and (3) make recommendations for interagency coordination to reduce the number of food deserts and promote healthy food access for Maryland neighborhoods.

Background: The federal Centers for Disease Control and Prevention (CDC) defines food deserts as areas that lack access to affordable fruits, vegetables, whole grains, low-fat milk, and other foods that make up a full and healthy diet. CDC advises that food deserts primarily affect rural, minority, and low-income areas because they lack large, retail food markets and have a higher number of convenience stores, where healthy foods are less available.

DHCD administers the Fresh Food Financing Initiative, which aims to increase access to healthy foods in food deserts. Funding is provided through DHCD's Neighborhood BusinessWorks Program for the start-up, rehabilitation, or expansion of businesses and

nonprofit organizations, with an emphasis on those that will source fresh food from Maryland farmers to designated food desert areas and sustainable communities.

State Expenditures: TTF expenditures increase by \$362,488 in fiscal 2020; future years reflect ongoing costs and assume that \$1.0 million in TTF funds are provided for the program for matching grants each year beginning in fiscal 2021.

Complete Streets Program

Funding for Matching Grants

Although the bill does not require a specific amount of funding to be appropriated for the program in any given year (or specify a funding source for the program), this estimate assumes that TTF funds are used to provide matching grants to local governments through the program and that the program awards \$1.0 million in grant funding annually beginning in fiscal 2021. While funding is not mandated, counties and municipalities may apply for grant funding through the program and, therefore, a significant amount of funding is needed to ensure that grant amounts are meaningful. Accordingly, although the specific level of funding that will be provided in the State budget for the program is unknown, it is assumed that a minimum of \$1.0 million annually is needed for a viable matching grant program.

Development and Administration of the Program

As discussed above, Chapters 721 and 722 of 2018 established the Complete Streets Program within MDOT, but did not mandate funding for the program. Furthermore, Chapters 721 and 722 specified that the Acts could not be interpreted to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated in the State budget for the program. There was no funding included in the fiscal 2019 budget for the program, and the Governor's proposed fiscal 2020 budget also does not include funding for the program.

Although the fiscal and policy notes for Chapters 721 and 722 estimated an increase in TTF expenditures beginning in fiscal 2019 to develop and implement the program, because funding was not provided for the program, MDOT has not yet hired staff or incurred any expenditures related to the program. As such, even though the bill may not be construed to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated for the program, this estimate assumes that administrative costs begin in fiscal 2020 in order to ensure that grants can begin to be awarded in fiscal 2021.

Consistent with the fiscal and policy notes for Chapters 721 and 722, the Department of Legislative Services advises that MDOT needs to hire additional staff to develop and administer the program and to develop the certification process for local governments. Accordingly, TTF expenditures increase by \$362,488 in fiscal 2020, which assumes a

30-day start-up delay from the bill’s June 1, 2019 effective date. This estimate reflects the cost of hiring two contractual urban planning specialists to develop the program and certification process and to administer the program once it is operational. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate includes (1) \$100,000 in one-time costs for consultant services to assist in the initial development of the program and (2) \$100,000 in one-time costs for the development of an online application and grant management program.

Contractual Positions	2
Salaries and Fringe Benefits	\$151,458
Consultant Services	100,000
Programming Costs	100,000
Other Operating Expenses	<u>11,030</u>
Total FY 2020 State Expenditures	\$362,488

Future year administrative expenditures reflect salaries with annual increases and employee turnover and ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

Complete Streets Policies

SHA, MAA, and MTA can update their complete streets policies to accommodate the bill’s changes related to food deserts using existing resources.

Local Fiscal Effect: Local government revenues increase to the extent that local governments are awarded matching grants through the program. Local government expenditures increase as local governments provide local matching funds and use the matching grant funding for authorized purposes. As previously discussed, this estimate assumes that matching grants to local governments total \$1.0 million annually beginning in fiscal 2021.

Any expenses incurred by local governments to develop complete streets policies and to become certified by MDOT cannot be estimated and are not reflected in this analysis. It is assumed that local governments who receive matching grants pursuant to the bill can meet the bill’s requirements for grantees using existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 116 (Senator McCray) - Finance and Budget and Taxation.

Information Source(s): Maryland Department of Transportation; Governor's Office; Department of Budget and Management; Department of Housing and Community Development; Talbot County; City of College Park; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2019
mag/lgc Third Reader - March 16, 2019
 Revised - Amendment(s) - March 16, 2019

Analysis by: Richard L. Duncan

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