

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 1404
 Appropriations

(Delegate McIntosh, *et al.*)

Budget and Taxation

**Economic Development – Baltimore Symphony Orchestra – Funding and Workgroup
 (The John C. Merrill Act)**

This bill requires the Governor to include \$1.6 million in the State budget for the Baltimore Symphony Orchestra (BSO) in fiscal 2020 and 2021. The bill also establishes the Workgroup on the Baltimore Symphony Orchestra, staffed by the Department of Commerce (Commerce). The workgroup must examine the structural efficiencies of BSO, including health care costs and facility usage, and make recommendations regarding cost containment strategies and audience development. The workgroup must report its recommendations in a consolidated financial report to the Senate Budget and Taxation Committee and the House Appropriations Committee by October 1, 2019. **The bill takes effect July 1, 2019. Provisions related to the workgroup terminate June 30, 2020, while provisions related to mandated funding terminate June 30, 2021.**

Fiscal Summary

State Effect: General fund expenditures increase by \$1.6 million in FY 2020 and 2021, under the assumptions discussed below. The FY 2020 budget restricts \$1.6 million in general funds for this purpose, *not* contingent on enactment of this bill. Any expense reimbursements for workgroup members and staffing costs for Commerce are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.6	1.6	0	0	0
Net Effect	(\$1.6)	(\$1.6)	\$0.0	\$0.0	\$0.0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: There is no requirement that BSO receive State funding; however, in practice, BSO has received State support averaging \$1.9 million annually for the past 10 years and has received more than \$2.0 million in each of the past three years. In fiscal 2019, State support is \$2.1 million. Funding is typically provided through the Maryland State Arts Council (MSAC), which receives a general fund appropriation each year for its various grant programs. Specific levels of support for recipients of MSAC funding are not established in the budget.

BSO has had well-established financial difficulties for at least the past 10 years.

State Expenditures: A bill may establish a mandated appropriation no earlier than the fiscal year following the budget year currently under consideration by the General Assembly. In practical terms, this means no mandated appropriations may be established earlier than fiscal 2021 for bills considered in the 2019 legislative session. However, this estimate assumes that \$1.6 million is provided for BSO on a discretionary basis in fiscal 2020, in addition to the \$1.6 million mandated appropriation in fiscal 2021. Indeed, the fiscal 2020 budget restricts \$1.6 million in general funds for this purpose, *not* contingent on enactment of this bill; however, the Governor must still approve that expenditure.

This estimate also assumes that typical State support for BSO through MSAC is not affected by the bill. Under these assumptions, general fund expenditures increase by \$1.6 million annually in fiscal 2020 and 2021 to provide funds for BSO. Any expense reimbursements for workgroup members and staffing costs for Commerce are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Commerce; Baltimore City; Department of Legislative Services

Fiscal Note History:
sb/vlg

First Reader - March 5, 2019

Third Reader - March 27, 2019

Revised - Budget Information - March 27, 2019

Enrolled - May 6, 2019

Revised - Amendment(s) - May 6, 2019

Analysis by: Stephen M. Ross

Direct Inquiries to:

(410) 946-5510

(301) 970-5510