

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 129
Appropriations

(Delegates Busch and Cain)

Budget and Taxation

Mandated Appropriation - City of Annapolis - Services

This bill requires the State to appropriate at least \$750,000 annually in the State budget to the mayor and aldermen of Annapolis as payment for services provided to the State instead of appropriating to Annapolis the sum provided in the State budget as payment for trash collection and other services provided to the State. For fiscal 2022 and annually thereafter, the appropriation must increase by the percent increase in the Consumer Price Index for All Urban Consumers for the Baltimore Metropolitan Statistical Area (CPI-U). **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$750,000 in FY 2021; future year general fund expenditures reflect inflation. Although not required, this analysis assumes funding is provided in FY 2020 as well. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2021.**

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	750,000	750,000	767,300	784,900	802,900
Net Effect	(\$750,000)	(\$750,000)	(\$767,300)	(\$784,900)	(\$802,900)

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

Local Effect: Local revenues for Annapolis increase by at least \$750,000 annually beginning in FY 2021; funding for FY 2020 is discretionary. Local expenditures are not directly affected.

Small Business Effect: None.

Analysis

Current Law: The State must appropriate and pay to the mayor and aldermen of Annapolis the sum provided in the State budget as payment for the collection of refuse from State buildings located in the city and other services provided to the State by Annapolis.

Background: The Department of General Services (DGS) advises that the State owns 19 buildings in the City of Annapolis with 1.8 million square feet and one parking garage with 720 parking spaces. The city advises that direct costs associated for services provided to the State totaled approximately \$661,000 in fiscal 2018. This includes \$461,000 for the fire department to maintain its own bomb squad and Hazmat team. Additional police department costs total approximately \$200,000 for services and special events such as rallies, active shooter training, canines for explosive detection, use of the police department's marine vessel, and other operations. Furthermore, Annapolis incurs significant costs for the Governor's inauguration every four years.

While records regarding the State's payment to the city are incomplete, the State provided \$90,000 in fiscal 1980 for fire, police, and garbage disposal services. The grant was reduced when the city discontinued commercial trash collection. In 1995, Governor Parris N. Glendening announced that the State would increase payments annually until the amount reached \$417,000 in fiscal 2002. Funding increased to \$367,000 in fiscal 1996 and has remained at that level through fiscal 2019. The Governor's proposed fiscal 2020 budget does not include any funding for Annapolis for services provided to the State.

State Expenditures: General fund expenditures for DGS increase by at least \$750,000 in fiscal 2021 to meet the bill's mandated appropriation to the city of Annapolis. Beginning in fiscal 2022, the mandated appropriation must grow by inflation. Assuming the CPI-U grows by 2.3%, general fund expenditures for DGS to make payments to the city increase by at least \$767,250 in fiscal 2022, \$784,897 in fiscal 2023, and by \$802,949 in fiscal 2024. Even though \$367,000 had been provided annually for more than 20 years, this analysis assumes that funding would no longer be provided absent the bill. Further, although discretionary, this analysis assumes \$750,000 is also provided in fiscal 2020.

Local Revenues: Local revenues to the city of Annapolis increase by \$750,000 in fiscal 2021 (and fiscal 2020, if the Governor provides discretionary funding in that year). Assuming the CPI grows by 2.3%, local revenues to the city increase by at least \$767,250 in fiscal 2022, \$784,897 in fiscal 2023, and by \$802,949 in fiscal 2024.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): City of Annapolis; Department of Budget and Management;
Department of General Services; Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2019
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