

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 735
Appropriations

(Allegany County Delegation)

Education, Health, and Environmental Affairs

Task Force on the Canal Place Preservation and Development Authority -
Reestablishment

This emergency bill reestablishes the Task Force on the Canal Place Preservation and Development Authority (CPPDA) to (1) complete the work begun by the task force under Chapter 789 of 2018 and (2) determine how to alter the powers of the authority as a State agency in order to align the mission and purpose of the Canal Place Heritage Area with that of other certified heritage areas. The task force, which is staffed by the Maryland Department of Planning (MDP), must report its findings and recommendations to specified legislative committees by September 1, 2020. To the extent practicable, task force members must be the same as the members originally appointed under Chapter 789. The Department of General Services (DGS) must conduct an appraisal of the authority's property for the task force by July 1, 2020. **The bill terminates June 30, 2021.**

Fiscal Summary

State Effect: Any reimbursements for task force members and staffing costs for MDP are assumed to be minimal and absorbable within existing budgeted resources. It is also anticipated that no further appraisal costs will be required, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must, at a minimum:

- determine the most feasible method to restructure or continue the operations of the authority as a State entity;
- determine the best method for the disposition of the assets of the authority, which may include (1) the transfer of all or part of the assets to another State agency and (2) the sale and transfer of all or part of the assets to a private entity, which must provide the current leaseholders of the Shops at Canal Place with a right of first refusal on the sale or transfer of the Shops at Canal Place;
- determine the best method for the transfer of all leases held and maintained by the authority;
- examine the effect of the task force's recommendations on State employees at the authority;
- examine the costs associated with the dissolution of the authority;
- consult with the U.S. Department of the Interior and other applicable federal entities regarding the disposition of authority assets;
- undertake any other studies or examinations deemed necessary; and
- recommend draft legislation to implement the conclusions of the task force.

In order to carry out the task force's duties, by July 1, 2020, DGS must conduct an independent appraisal of the property owned and maintained by the authority. The appraisal must be used to issue a Request for Expressions of Interest to determine the external interest in the purchase of any or all assets managed by the authority.

Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background: The task force was originally established under Chapter 789 of 2018 and terminated August 31, 2019. The task force was required to submit its findings and recommendations to the Senate Budget and Taxation Committee and the House Appropriations Committee by June 1, 2019; however, no report was ever issued.

Formed in 1993, CPPDA is established in State law as an independent unit in the Executive Branch of the State government. The authority is an instrumentality of the State and a public corporation. The authority's duties include (1) administering, and developing a management plan for, the Canal Place Heritage Area; (2) preserving or assisting in the preservation of buildings, structures, and settings of historic value in the heritage area; (3) conducting activities to educate the public about the history and significance of the heritage area; (4) providing for recreational uses of the heritage area for both active and

passive pursuits; and (5) facilitating economic development in the heritage area through public and private investment in adaptive reuse, interpretive attractions, or other activities.

The authority was formed by the General Assembly based on findings that (1) an opportunity existed to rediscover the value of the Chesapeake and Ohio Canal by transforming the canal and adjacent areas to a showpiece of historic preservation that would enhance recreational, commercial, civic, transportation, educational, and ecological values and (2) the responsibility for developing and implementing a management plan for the Canal Place Heritage Area could best be carried out by vesting requisite powers in a public corporation that could take maximum advantage of the public and private resources necessary to ensure the success of the management plan.

In January 2015, in response to a request by the budget committees in the 2014 *Joint Chairmen's Report* (JCR), the Maryland Heritage Areas Authority and DGS submitted a report to the budget committees on potential alternatives for ownership and management of Canal Place. The JCR request indicated, among other things, that CPPDA was facing difficulties achieving financial self-sufficiency and that it was worth examining if there was another ownership structure that would allow for greater success. Options for alternative ownership, however, were not able to be fully considered in the time allowed for the report to be completed, but the report recommended further actions, including (1) obtaining appraisals for the property owned by CPPDA and (2) issuing a Request for Expressions of Interest to see what private or public sector interest may exist for alternatives to the current Canal Place property ownership and management structure for the 11-acre property owned by CPPDA. Those actions have not been completed to date.

State Expenditures: Chapter 789 required DGS to conduct an independent appraisal of the property owned and maintained by the authority by August 1, 2018. According to DGS, the appraisals have been completed and, as of February 2020, DGS is analyzing the results. Therefore, no additional appraisal expenditures are anticipated under the bill.

MDP can provide staff for the task force with existing resources. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 421 (Senator Edwards) - Education, Health, and Environmental Affairs.

Information Source(s): Department of General Services; Maryland Department of Planning; *Cumberland Times-News*; Department of Legislative Services

Fiscal Note History: First Reader - February 12, 2020
f/lgc Third Reader - March 16, 2020

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