

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 501

(Senator M. Washington)

Budget and Taxation

Appropriations

Libraries - Aging Infrastructure Improvement Grant Program - Established

This bill establishes an Aging Infrastructure Improvement Grant Program for eligible public library projects in the Maryland State Library Agency (MSLA). The purpose of the program is to provide funds for public library systems to address the aging infrastructure needs identified in the 2022 Statewide Facilities Needs Assessment. MSLA must develop and administer the program to assist in the funding of public library projects. For each of fiscal years 2024 through 2029, the Governor may include \$40.0 million in the annual operating or capital budget for eligible projects in a county public library system and may include \$10.0 million for eligible projects in the Enoch Pratt Free Library (EPFL) system. By October 1 of each year, the State Library Board must report to the Governor and the General Assembly on State grants awarded through the program for the prior fiscal year. **The bill takes effect July 1, 2023, and terminates after June 30 2029.**

Fiscal Summary

State Effect: State expenditures increase by \$50.0 million annually in FY 2024 through FY 2029. Any impact depends on whether funding is provided in the State budget. Revenues are not affected.

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
PAYGO GF exp	50.0	50.0	50.0	50.0	50.0
Net Effect	(\$50.0)	(\$50.0)	(\$50.0)	(\$50.0)	(\$50.0)

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

Local Effect: Local revenues increase for county library projects by up to \$50.0 million annually in FY 2024 through FY 2029. Local expenditures are assumed to increase commensurately for related projects and also for matching grants. Any impact depends on whether funding is provided in the State budget.

Small Business Effect: Minimal.

Analysis

Bill Summary: Grants under the program are in addition to funding for libraries under current law, may not be less than \$500,000, and require (1) for a county public library system, a 20% matching fund from any combination of county, municipal, or private sources, and (2) for EPFL, a 10% matching fund from any combination of Baltimore City or private sources. The program must (1) address the consequences of the aging infrastructure and (2) support the reimaging of library spaces to advance equitable economic recovery and workforce development and to enable patrons to gain digital skills; access new technologies; and pursue vocational and educational programs.

By July 15 of each year, a county public library system or EPFL may apply to MSLA to receive up to two grants for the next fiscal year. To apply for a grant, applicants must have specified plans. By October 1 of each year, MSLA must make recommendations to the State Library Board regarding grants for the next fiscal year. By November 1 of each year, the State Library Board must (1) approve eligible projects for funding in the State budget for the next fiscal year and (2) forward the list of approved eligible projects to the Department of Budget and Management. The State Library Board must adopt regulations to implement the bill's provisions.

Current Law:

Enoch Pratt Free Library

EPFL serves as the public library system in Baltimore City and the Central Library of EPFL operates as the designated State Library Resource Center (SLRC). Acting in place of the state library that exists in most states, SLRC works cooperatively with other libraries in a network that allows materials and information to be shared statewide. There is no set annual amount of capital funding provided for EPFL. The State must pay all capital expenses for SLRC and each regional resource center.

State operating funding for EPFL comes from three primary sources: (1) the Minimum Per Capita Library Program; (2) the increased operations grant; and (3) the SLRC grant.

Minimum Per Capita Library Program and Increased Operations Grants

The State and local governments share in the cost of funding local public library systems through the library aid formula, which establishes minimum State and local contributions, used to cover both capital and operating costs. The formula distributes funds on the basis

of county population and wealth. Less wealthy counties, as measured by net taxable income and assessable property tax base, receive relatively more aid than wealthier counties. A total program cost for each county and Baltimore City, which is shared by the State and local governments, equals a specified dollar amount per county or city resident.

The formula calculates a local share of the program cost using a uniform local contribution rate applicable to all jurisdictions, and the State pays the remainder of the program cost. The State pays approximately 40% of the total formula cost on a wealth-equalized basis, with the local jurisdictions providing the remaining 60%; however, no library board receives less than 20% of minimum per capita programs from the State. No more than 20% of the State and county shares may be applied to capital expenses. Under the fiscal 2024 State budget as introduced, State formula aid for local libraries totals \$45.7 million, including \$6.7 million for Baltimore City.

For fiscal 2023 and each fiscal year thereafter, the Governor must include an appropriation of \$3.0 million to support the additional operating expenses for the increased hours of operation of all EPFL branches subject to increased operating hours and Baltimore City providing a 25% matching grant. The fiscal 2024 State budget as introduced includes \$3.0 million for this purpose.

State Library Network

Since 1888, the State has provided funds to support public libraries throughout the State under what is now known as the State library network. The network consists of the Central Library of the EPFL in Baltimore City, three regional resource centers, and metropolitan cooperative service programs. All these systems receive State funding for operating expenses.

Funding levels for SLRC are set at \$1.93 per resident in fiscal 2023 and will increase to \$1.97 per resident in fiscal 2024 and subsequent years. Under the fiscal 2024 State budget as introduced, funding for SLRC totals \$12.1 million.

County Library Capital Projects

Under Chapter 27 of 2021, annual State funding for county library capital projects is mandated at \$7.5 million. State grants may not exceed the eligible capital cost of the project, with a maximum State share of 50% to 90% based on taxable wealth per capita. If requests for State funding exceed \$7.5 million, awards may be reduced to reflect geographic diversity in the allocation of grant funds. Under Chapters 362 and 363 of 2022, for fiscal 2023 through 2025, the State share for a county library capital project is increased under certain circumstances, based in part upon the county's median household income.

The fiscal 2024 capital budget provides \$11.6 million for ten projects, with \$7.5 million annually projected for the program in fiscal 2025 through 2028.

State Expenditures: The bill authorizes the Governor to include \$50.0 million in the annual operating or capital budget for the Aging Infrastructure Improvement Grant Program. This funding level applies for fiscal 2024 through 2029. This analysis assumes the Governor provides the authorized amount each year in the form of pay-as-you-go general funds. To the extent that funds are provided in the capital budget instead, overall State expenditures are not affected, but \$50.0 million annually is reallocated from other capital projects. MSLA can administer grant funding using existing resources.

Local Fiscal Effect: Local revenues increase by \$50.0 million (in aggregate for Baltimore City and all counties) in fiscal 2024 through 2029 due to the increased appropriation for eligible library projects; \$10.0 million is dedicated to eligible projects for EPFL. Each grant may not be less than \$500,000 and are in addition to funding provided under current law. Any impact depends on whether funding is provided in the State budget. Expenditures are assumed to increase by the same amount for associated projects. Because the grant program requires a matching fund (from any combination of county, municipal, or private sources), local expenditures may also increase in order to match the additional funds received under the bill.

Small Business Effect: Small construction companies that participate in library construction projects may experience a significant increase in business opportunities.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore, Carroll, Harford, Queen Anne's, and St. Mary's counties; Maryland Association of Counties; Maryland State Library Agency; Department of Budget and Management; Department of Legislative Services

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