

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 503

(Delegate Stein, *et al.*)

Environment and Transportation

Education, Energy, and the Environment and
 Budget and Taxation

Natural Resources - Greenspace Equity Program - Establishment

This bill establishes a Greenspace Equity Program in the Department of Natural Resources (DNR) to provide grants to eligible applicants to enhance the public health and livability of overburdened communities and underserved communities. The program is funded with money from Program Open Space (POS). **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$101,000 in FY 2024, by \$365,700 in FY 2025, and by ongoing amounts in future years, as discussed below. Grants are funded with redirected special funds, having no net effect on special fund expenditures. Revenues are not affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	101,000	365,700	361,200	479,200	497,600
Net Effect	(\$101,000)	(\$365,700)	(\$361,200)	(\$479,200)	(\$497,600)

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

Local Effect: Local government revenues and expenditures may increase beginning in FY 2025.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Program and Advisory Board Established

The bill establishes the Greenspace Equity Program within, and administered by, DNR. The purpose of the program is to enhance the public health and livability of overburdened communities and underserved communities by implementing projects to preserve, create, and enhance community greenspace.

“Overburdened community” and “underserved community” have the meanings stated under existing provisions of the Environment Article of the Maryland Code that establish and govern the Commission on Environmental Justice and Sustainable Communities. “Overburdened community” means any census tract for which three or more of specified environmental health indicators are above the seventy-fifth percentile statewide. “Underserved community” means any census tract in which, according to the most recent U.S. Census Bureau Survey (1) at least 25% of the residents qualify as low-income; (2) at least 50% of the residents identify as nonwhite; or (3) at least 15% of the residents have limited English proficiency.

“Community greenspace” includes (1) a community garden; (2) a community gathering open space area; (3) a community woodland; (4) a green network (a system of greenspaces interconnected by linear corridors that facilitate the movement of people and wildlife); (5) a park; (6) a trail; and (7) an urban farm.

The bill also establishes a Greenspace Equity Advisory Board, staffed by DNR, to serve as a consultant to the department in the implementation and administration of the program.

Program Funding and Grants

The bill requires a portion of POS funding to be transferred by an appropriation in the State budget to the Greenspace Equity Program, as follows: (1) up to \$5.0 million in fiscal 2025; (2) up to \$7.0 million in fiscal 2026; and (3) up to \$10.0 million in fiscal 2027 and each fiscal year thereafter.

Beginning in fiscal 2025, DNR must make grants under the program to eligible applicants for community greenspace projects located (1) in an overburdened community; (2) in an underserved community; or (3) on a property owned by an eligible applicant, or for which the applicant holds a conservation easement, located in a census tract adjacent to an overburdened community or an underserved community. If there are sufficient funding requests for land acquisition, at least 50% of grants awarded each year must be awarded to

projects that include land acquisition. “Land acquisition” means the fee simple acquisition of real property or the acquisition of a perpetual conservation easement.

The bill lists authorized expenses the grants may be used for, in addition to land acquisition: (1) appraisals, environmental assessments, site clearance or development, and other due diligence expenses related to implementing a project; (2) specified administrative and compliance costs; and (3) specified stewardship projects.

Eligible applicants are (1) specified land trusts or nongovernmental organizations located or working in an overburdened community or an underserved community where a project is proposed to be implemented or (2) a county or municipality. Grants for land acquisition may only be awarded to land trusts, counties, and municipalities.

The bill specifies responsibilities of DNR in administering the program and procedures, requirements, and criteria applicable to the awarding and use of the grants, including a requirement that DNR submit to the Maryland State Clearinghouse for Intergovernmental Assistance, for review and comment, all grant applications that will be recommended to the Board of Public Works (BPW) for an award under the program. A grant application submitted to the clearinghouse is subject to approval by BPW.

The bill prohibits land acquired by a grant awarded under the program from being converted from outdoor public recreation or open space to any other use without prior written approval of the secretaries of natural resources, budget and management, and planning. In addition, the grant recipient must replace the land being converted with specified equivalent outdoor public recreation or open space land. Land developed or improved by a grant awarded under the program must be operated and maintained for public use by the grant recipient for at least 15 years from the project completion date.

DNR may adopt regulations to carry out the program.

Current Law:

Program Open Space

POS is administered by DNR and provides funding at the State and local level for the acquisition and development of land for recreation and open space purposes. POS consists of a State and local component and is funded with the State transfer tax of 0.5% of the consideration paid for the transfer of real property. Under a statutory formula, 76.15% of State transfer tax revenues are distributed to POS and, subject to certain additional detail and distributions, in general, approximately 50% of the transfer tax funding distributed to POS is allocated to State land acquisition and capital improvements on DNR land, 30% is allocated to local government acquisition and development, and 20% is allocated to State

forest and park operations. The funding transferred under the bill to the Greenspace Equity Program is from the 50% allocated to State land acquisition and capital improvements.

Use of Park Equity Tool in Decision Making

Chapter 39 of 2022 requires that DNR's decisions related to the location and establishment of new State parks or amenities must target areas (1) identified by the department's [park equity tool](#) as in need of recreational opportunities and (2) that would relieve overcrowding in existing State parks that have consistently had to close to the public due to capacity restrictions.

Maryland State Clearinghouse for Intergovernmental Assistance

State law requires the Maryland Department of Planning (MDP) to serve as a repository and clearinghouse for information concerning federal and State grants, loans, and other financial and technical assistance. MDP regulations establish (1) the State Clearinghouse for Intergovernmental Assistance as a unit of the department and (2) under the clearinghouse, a Maryland Intergovernmental Review and Coordination Process for collecting and transmitting the views of State, regional, and local officials on, among other things, specific applications for federal and State financial assistance.

State Fiscal Effect:

Program Grants Funded with Redirected Special Funds

Special fund expenditures of up to \$5.0 million in fiscal 2025, up to \$7.0 million in fiscal 2026, and up to \$10.0 million in fiscal 2027 and each fiscal year thereafter, are redirected from State land acquisition, under POS, to grants for community greenspace projects under the Greenspace Equity Program. The funding that is redirected to the program under the bill, funds – under current law – certain allocations toward capital improvement and other purposes, before the remaining funding is allocated to State land acquisition.

Because the special funds are redirected from other purposes, there is no net increase in special fund expenditures. It is assumed for the purposes of this fiscal and policy note that those special fund expenditures are only used for grants under the program and not for administrative costs since (1) under current law, those funds are used only for land acquisition and not POS administrative costs and (2) the bill does not explicitly authorize the use of those funds for administrative costs under the Greenspace Equity Program.

General Fund Expenditures Increase to Administer the Program

General fund expenditures increase by \$101,019 in fiscal 2024, by \$365,658 in fiscal 2025, and by ongoing amounts in future years. This estimate reflects the cost of hiring (1) one lead program administration position in fiscal 2024 to set up the program, staff the Greenspace Equity Advisory Board, and provide technical assistance to potential grant recipients and (2) two additional program administration positions and one administrative support position in fiscal 2025, to help administer the program when funding for grants becomes available. The estimate assumes the maximum amounts authorized under the bill are transferred from POS to the program (discussed below). DNR advises that existing personnel cannot absorb the additional work of administering the grant program. As discussed above, it is assumed for the purposes of this fiscal and policy note that the redirected special funds are used only for grants and, therefore, general funds are needed to cover the costs of administering the program. The estimate reflects a 30-day start-up delay, with expenditures beginning July 1, 2023, and includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2024</u>	<u>FY 2025</u>
Positions (New)	1.0	3.0
Salaries and Fringe Benefits (Total)	\$93,345	\$341,534
Operating Expenses	<u>7,674</u>	<u>24,124</u>
Total General Fund Expenditures	\$101,019	\$365,658

Future year expenditures reflect (1) full salaries with annual increases and employee turnover; (2) hiring of an additional program administration position in fiscal 2027, to help manage an increased workload when annual funding available for grants reaches \$10.0 million; and (3) annual increases in ongoing operating expenses.

The estimate reflects the level of staff needed to administer the program if the maximum amounts authorized under the bill are transferred to the program for grants – \$5.0 million in fiscal 2025, \$7.0 million in fiscal 2026, and \$10.0 million annually thereafter. If smaller amounts are transferred, the number of staff needed may be reduced to as little as two – the lead program administration position starting in fiscal 2024 and one additional program administration position starting in fiscal 2025 – in which case, general fund expenditures increase by \$101,019 in fiscal 2024 and \$186,214 in fiscal 2025, with future years reflecting full salaries with annual increases and employee turnover and annual increases in ongoing operating expenses.

Other Agencies

MDP indicates that the State Clearinghouse for Intergovernmental Assistance can coordinate the review and comment process for grant applications with existing resources;

review and comment by other State agencies is assumed to be handled with existing resources. Likewise, BPW can approve grant awards using existing resources.

Local Fiscal Effect: Local government revenues and expenditures increase beginning in fiscal 2025, to the extent counties or municipalities apply for and receive grants under the program.

Small Business Effect: Small businesses may meaningfully benefit from the redirection of funds from State land acquisition under POS to community greenspace projects under the Greenspace Equity Program. DNR indicates that small businesses perform due diligence work – title work, surveys, and appraisals – associated with POS State land acquisition. If community greenspace projects involve capital improvements, as well as land acquisition, small businesses may benefit from an increase in the demand for their goods and services.

Additional Information

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

Designated Cross File: SB 923 (Senator Rosapepe) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Department of Natural Resources; Maryland Department of Agriculture; Maryland Department of Health; Maryland Department of Planning; Board of Public Works; Department of Housing and Community Development; Baltimore City; Calvert, Caroline, and Prince George’s counties; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2023
rh/lgc Third Reader - May 17, 2023
Revised - Amendment(s) - May 17, 2023

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