

**Department of Legislative Services**  
Maryland General Assembly  
2023 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 695

(Delegates Sample-Hughes and Adams)

Environment and Transportation

Finance

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**Rural Maryland Prosperity Investment Fund - Allocation of Grants (Rural Communities Improvement Act of 2023)**

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This bill alters the required distribution of money from the Rural Maryland Prosperity Investment Fund (RMPIF) by modifying one grant category to also include agricultural development, cooperative development, and workforce development.

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**Fiscal Summary**

**State Effect:** Altering the allowable uses of funds distributed through RMPIF does not affect overall State expenditures, although funding may be reallocated among recipients, including institutions of higher education. The effect on any particular institution of higher education is unknown but likely minimal, since funding is allocated across multiple uses and recipients. The fiscal 2024 budget as introduced includes \$9.0 million in general funds for the Rural Maryland Council (RMC) to be distributed through the formula affected by the bill.

**Local Effect:** Community colleges may benefit from funds received for workforce development under the bill. The effect on any particular community college is unknown but, based on overall funding, likely minimal.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** The affected portion of the RMPIF distribution, which allocates funding equally as grants among four categories, is below (*the bill's changes are shown in italics*):

- specified regional infrastructure projects;
- rural entrepreneurship *and agricultural* development, including programs and activities serving rural communities undertaken by nonprofit organizations and institutions of higher education, *cooperative development, and workforce development*;
- rural community development, programmatic assistance, and education, divided equally between RMC and the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF); and
- rural health care organizations.

**Current Law:**

*Rural Maryland Council*

RMC is a State rural development council that brings together citizens and representatives of public-sector entities and private-sector organizations to collaboratively address problems and challenges facing rural communities. For administrative and budgetary purposes, RMC is placed under the Maryland Department of Agriculture. RMC administers both RMPIF and MAERDAF with the assistance of the Maryland Agricultural Education and Rural Development Assistance Board.

*Rural Maryland Prosperity Investment Fund*

The purpose of RMPIF is to provide funding to rural regional and statewide planning and development organizations, institutions of higher education serving rural communities, rural community development organizations, and local governments acting in partnership with one another to promote the quality of life in rural areas.

Chapters 469 and 470 of 2014 extended the authorization for annual appropriations to RMPIF, modified the allocation of disbursements from the fund, and extended the fund's termination date by 10 years from June 30, 2020, to June 30, 2030. Generally, the required RMPIF distribution is as follows:

- One-third of appropriated funding is allocated equally to the five regional councils as grants for regional planning and development assistance, by targeting support to:
  - regional councils serving rural areas; and
  - multicounty efforts serving rural communities in areas not served by the regional councils.

- The remaining two-thirds is allocated equally as grants among:
  - specified regional infrastructure projects;
  - rural entrepreneurship development, including programs and activities serving rural communities undertaken by nonprofit organizations and institutions of higher education;
  - rural community development, programmatic assistance, and education, divided equally between RMC and MAERDAF; and
  - rural health care organizations.

If revenues appropriated to RMPIF in any fiscal year are insufficient to fully fund all grants, \$500,000 must be allocated to RMC, with \$250,000 used to support the operations of the council and \$250,000 allocated to MAERDAF. Any remaining funds must then be allocated as described above.

Money received by a regional council for rural regional planning and development assistance is used to benefit rural areas as the regional council determines.

#### *Maryland Agricultural Education and Rural Development Assistance Fund*

Chapter 552 of 2000 established MAERDAF to provide funding to rural regional planning and economic development organizations and rural community development programs as well as to augment the efforts of advanced technology centers that serve agricultural- and natural resources-based small businesses in rural areas through community colleges. The Maryland Agricultural Education and Rural Development Assistance Board reviews grant applications and makes recommendations to RMC regarding grant recipients and amounts.

**Small Business Effect:** Small businesses may be affected by the reallocation of RMPIF funds – either through receipt of funding or loss of funding to a different, now eligible, recipient. The effect on any particular small business is unknown but could be meaningful.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture; Department of Commerce; Department of Budget and Management; Maryland Department of Labor; Maryland Department of Planning; Caroline, Charles, Carroll, Garrett, Kent, Queen Anne's, HB 695/ Page 3

St. Mary's, Talbot, Washington, and Worcester counties; Baltimore City Community College; Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2023

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