

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1065

Judiciary

(Delegate Clippinger)

Public Safety - Maryland Entertainment District Security Grant Program

This bill establishes (1) the Maryland Entertainment District Security Grant Program to assist community organizations, nonprofit entities, and local governments to fund security operations during times of high pedestrian traffic in entertainment districts from which a higher than average number of calls for police assistance in response to reported crime are placed and (2) the Maryland Entertainment District Security Grant Program Fund as a special fund administered by the Governor's Office of Crime Prevention and Policy (GOCPP) to provide funding for grants awarded under the program. Beginning in fiscal 2026, the Governor may annually appropriate up to \$1.0 million to the fund.

Fiscal Summary

State Effect: The FY 2025 budget includes \$250,000 in general funds to establish an entertainment district security grant; thus, general fund expenditures increase by \$250,000 in FY 2025. Although funding is discretionary in future years, general fund expenditures increase by an estimated \$1.0 million annually beginning in FY 2026 to capitalize the fund; special fund revenues and expenditures increase correspondingly each year, reflecting receipt of the capitalization funds and spending on grant awards.

| (in dollars) | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|----------------|-------------|---------------|---------------|---------------|---------------|
| SF Revenue | \$0 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| GF Expenditure | \$250,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| SF Expenditure | \$0 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| Net Effect | (\$250,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) |

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

Local Effect: Local government revenues and corresponding expenditures may increase beginning in FY 2025 to the extent local jurisdictions are awarded grants under the bill.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The Executive Director of GOCPP must establish:

- an application process for community organizations and nonprofit entities located in entertainment districts, and local governments with entertainment districts located within the jurisdiction, to apply for grant funding from the program;
- eligibility criteria for selecting grant recipients; and
- minimum criteria for an entertainment district for the purpose of determining eligibility for grant funding from the program, including (1) the density of establishments licensed to serve alcohol for on-site consumption, hookah bars, or establishments that regularly host live entertainment for their patrons or members of the public; (2) the amount of pedestrian traffic; and (3) the number of calls for police assistance in response to reported crimes.

The Maryland Entertainment District Security Grant Program Fund consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund must be credited to the general fund.

The fund may be used only (1) to fund grants to community organizations, nonprofit entities, and local governments through the program and (2) for costs to administer the fund. Expenditures from the fund may be made only in accordance with the State budget. Money expended from the fund for the program is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for the program.

“Community organization” means a neighborhood association recognized by the political subdivision in which it is located.

“Entertainment district” means a one-half square mile area in the State in which one of the following is present: (1) a high density of establishments licensed to serve alcoholic beverages for on-site consumption; (2) a high density of establishments that are hookah bars; or (3) a high density of establishments that regularly host live entertainment for their patrons or members of the public.

Current Law: The Community Health and Safety Works Program, which is administered by the Department of Housing and Community Development (DHCD), was created as part of Governor Lawrence J. Hogan Jr.’s Re-Fund the Police Initiative in fiscal 2022. The program provides grants for business districts or facility improvements to Main Street communities or other community development nonprofit organizations. Grants can be used for surveillance tools such as lighting and cameras; pedestrian and vehicle traffic

management tools, such as landscaping, fencing, or expanding restaurant space to sidewalks and roadways; and other improvements that renovate and improve public spaces to remove signals of blight. In fiscal 2023, DHCD expanded the eligible uses of grants under the program to include crime and violence intervention and prevention, including social services and direct outreach. The program received \$10.0 million in federal funds from the federal American Rescue Plan Act of 2021 in both fiscal 2022 and 2023 and \$10.0 million in general funds in fiscal 2024. The fiscal 2025 budget as passed by the General Assembly, however, does not include any funding for the program.

State Fiscal Effect: The fiscal 2025 budget as passed by the General Assembly includes \$250,000 in general funds for the purpose of establishing an entertainment district security grant for community organizations, nonprofit entities, and local governments to fund security operations during times of high pedestrian traffic in entertainment districts. Although the budgeted funds are not contingent on enactment of the bill, funds not expended for this added purpose may not be transferred to any other purpose and must revert to the general fund. Thus, it is assumed that general fund expenditures increase by \$250,000 in fiscal 2025.

The bill does not mandate funding for the new special fund but does specify that the Governor *may* appropriate up to \$1.0 million each year to the fund beginning in fiscal 2026. Consistent with the bill's intent, this analysis assumes that, beginning in fiscal 2026, \$1.0 million in general funds is provided each year to capitalize the fund. Actual expenditures will vary with the amount of any discretionary funding included in the budget bill and ultimately passed by the General Assembly each year.

Special fund revenues to and expenditures from the fund increase correspondingly each year beginning in fiscal 2026, reflecting receipt of the capitalization funds and subsequent spending to provide grants.

As noted above, the fiscal 2025 budget includes \$250,000 for the purpose of establishing an entertainment district security grant. GOCPP advises that the office plans to use 10% (\$25,000) of the fiscal 2025 funding for administrative costs and the remainder to provide grants. GOCPP further advises that the administrative costs could include costs to cover some portion of a part-time contractual grants specialist, with ongoing costs, to develop and administer the grant program. However, the Department of Legislative Services advises that until the scope of the grant program is better known, GOCPP can administer the program with existing staff, as the office currently administers several grant programs that support local jurisdictions to advance and enhance public safety. To the extent that existing staff prove insufficient, GOCPP may request additional resources through the annual budget process. As the bill explicitly authorizes the fund to be used to cover GOCPP's costs to administer the fund, any administrative costs incurred by GOCPP in the out-years would be covered by the special fund.

Local Fiscal Effect: Local revenues and expenditures increase beginning in fiscal 2025 to the extent that local jurisdictions apply for and are awarded grants from the program. Assuming local governments are the primary grant recipients, based on the anticipated funding available for grant awards (as discussed above), as much as \$250,000 in fiscal 2025 and \$1.0 million annually thereafter – across all jurisdictions – is provided in grants each year.

Small Business Effect: Small businesses located within entertainment districts may benefit from an increase in business and/or a reduction in crime as a result of improved safety due to the additional funding provided under the bill.

Additional Information

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

Designated Cross File: SB 774 (Senator Ferguson, *et al.*) - Judicial Proceedings.

Information Source(s): Prince George's County; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; Governor's Office of Crime Prevention and Policy; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2024
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