Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 226 (Chair, Finance Committee)(By Request - Departmental - Planning)

Finance | Economic Matters and Government, Labor, and Elections

Maryland Heritage Area Authority and Heritage Areas - Alterations

This departmental bill modifies provisions governing the Maryland Heritage Areas Authority (MHAA) and the Maryland Heritage Areas Program (MHAP) primarily by (1) adding certain voting members to MHAA, and removing one member; (2) modifying requirements and authority relating to MHAA's awarding of grants and loans under MHAP; and (3) modifying the manner in which State official MHAA members support and assist activities in certified heritage areas.

Fiscal Summary

State Effect: The bill does not materially affect State finances.

Local Effect: Overall funding under MHAP available to local jurisdictions and other eligible applicants is not affected; however, individual local jurisdictions may benefit to the extent the discretion given to MHAA (under the bill) – to determine the extent to which matching funding must be provided by a recipient of an MHAP grant or loan – gives any jurisdictions greater access to existing MHAP funding.

Small Business Effect: The Maryland Department of Planning (MDP) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary:

Maryland Heritage Areas Authority – Membership

The bill makes the following changes to the membership of MHAA:

- It adds two State officials as members – the Secretary of Agriculture and the State Superintendent of Schools – increasing the membership of MHAA from 17 to 19, and the quorum requirement from 9 to 10 voting members.
- It replaces a requirement that one of the ten Governor-appointed members be a public member of the Maryland Greenways Commission, with a requirement that one of the appointed members be a member of the public who has significant education or experience in natural resource stewardship or climate resiliency. The newly appointed member must serve the remainder of the term of the member who is a public member of the Maryland Greenways Commission until a successor is appointed and qualifies.

Grant and Loan Assistance

In existing provisions governing grants and loans awarded by MHAA to local jurisdictions or other appropriate entities under MHAP, the bill replaces requirements that grants not exceed 50% of the cost of a project or management plan, as well as certain guidance regarding the use of grants, with authorizations for MHAA to (1) require matching funds for grants or loans in whatever proportion MHAA considers appropriate and (2) establish terms and conditions for grants and loans.

Other Changes

The bill also repeals:

- a requirement that MHAA send a copy of each boundary map of a recognized heritage area to the office of the county clerk where the recognized heritage area is located; and
- a requirement that State official MHAA members who have program responsibilities that affect heritage area resources prepare and submit program statements (and any revisions) to MHAA detailing actions that support and assist the establishment and management of certified heritage areas.

Instead of preparing and submitting the program statements, the State officials must simply support and assist activities in certified heritage areas in the areas the program statements currently cover – planning, development, use, assistance, and regulation – as well as implementation (an area added by the bill), with respect to specified subject areas related

to the officials' program responsibilities. The two new State officials added to MHAA – the Secretary of Agriculture and the State Superintendent of Schools – are assigned the subject areas of agricultural resources within certified heritage areas and educational resources and their interpretation within certified heritage areas, respectively.

Current Law:

Maryland Heritage Areas Authority – Generally

MHAA is an independent unit within MDP, staffed by the Maryland Historical Trust (MHT). MHAA, along with MHT, implements MHAP. MHAA consists of 17 members, 7 of whom are State officials (including the Secretary of Planning, who serves as chair) and 10 of whom are appointed by the Governor with the advice and consent of the Senate. The appointed members serve a four-year term. Members of MHAA may not receive compensation but are entitled to reimbursement for expenses.

MHAA has authority to, among other things, (1) recognize heritage areas and certify recognized heritage areas as certified heritage areas; (2) approve or reject management plans for certified heritage areas; and (3) make and participate in making loans or grants, or otherwise provide financial assistance for any project that serves to preserve, develop, maintain, or protect a State designated heritage area.

Maryland Heritage Areas

"Heritage area" is defined in statute as a developed area of public and private uses that (1) ranges in size from a portion of a county or municipality to a regional area with special coherence; (2) is distinguished by physical and cultural resources, which have played a vital role in the historic life and development of the community and contribute to the public through interpretive, educational, and recreational use; (3) is composed of contiguous or noncontiguous geographic areas; and (4) may include traditional parks and historic places or property on the national or State register of historic properties.

Statute establishes that there is a system of recognized heritage areas and certified heritage areas that (1) reflects the cultural themes of the State's development and (2) provides educational, inspirational, economic, and recreational benefits for present and future generations. Local jurisdictions propose designation of recognized heritage areas (with boundary maps that, once approved, MHAA must send to the relevant office(s) of the county clerk) and subsequently prepare and develop a proposal and management plan necessary for designation of a recognized heritage area as a certified heritage area.

Grants and Loans to Local Jurisdictions or Other Appropriate Entities

MHAA uses the MHAA Financing Fund (that receives up to $6.0 million annually through Program Open Space) to award (1) grants and loans to local jurisdictions or other

appropriate entities for planning, design, acquisition, development, preservation, restoration, interpretation, marketing, and programming of certified heritage areas and (2) grants to local jurisdictions or other appropriate entities to develop management plans for proposed certified heritage areas.

Acquisition/development grants, program grants, and grants to develop a management plan each may not exceed 50% of the cost of the project (or cost of the management plan). Acquisition/development grants must be used for implementation of the certified heritage area in conformity with the approved management plan. Program grants are made to (1) develop and present interpretive exhibits, materials, or other appropriate products to further the educational and recreational objectives of the certified heritage areas program and (2) encourage revitalization of, and reinvestment in, certified heritage area resources.

Background: MDP indicates that the bill helps MHAA in implementing recommended actions in its recently adopted strategic plan for MHAP, including by (1) broadening the members, and their perspectives, that guide MHAA, to include perspectives from the agricultural, education, and environment sectors and (2) increasing access to funding, for organizations or local jurisdictions who may not be able to meet current grant matching requirements, by allowing MHAA to require matching funds from an applicant for a grant or loan in a proportion considered appropriate.

Additional Information

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

Designated Cross File: HB 238 (Chair, Economic Matters Committee)(By Request - Departmental - Planning) - Economic Matters and Government, Labor, and Elections.

Information Source(s): Anne Arundel County; Montgomery County; Maryland-National Capital Park and Planning Commission; City of Laurel; Maryland Municipal League; Judiciary (Administrative Office of the Courts); Maryland State Department of Education; Maryland Department of Agriculture; Department of Natural Resources; Maryland Department of Planning; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2026
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Heritage Area Authority and Heritage Areas - Alterations

BILL NUMBER: SB 226

PREPARED BY: Andrew Wilson, MDP Government Affairs Specialist

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_**X**___ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

_____ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill purely looks to update administrative matters within the Maryland Heritage Area Authority. The proposed updates are in-line with goals and recommendations for the Authority established within its most recently adopted strategic plan. These updates include adding voting members to the board, removing project funding caps for grant awards, allowing the Authority to determine an appropriate funding level when issuing grants, and removing an outdated requirement of both MHAA and state agencies. These changes will have minimal impact on Maryland small businesses. The only foreseeable impact will come in the way of the variable matching percentage. This change may allow a proposed project which supports traffic to nearby small businesses to see less financial impact from the Authority's currently enshrined 50% match requirement. Not having the added financial responsibility of a 1-to-1 match may allow for the project to be developed, and thereby potentially increasing traffic to the nearby businesses.