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Budget and Taxation Committee

Subcommittees

Capital Budget

Pensions

Chair, Public Safety,
Transportation, and Environment

Joint Committee on the Chesapeake and
Atlantic Coastal Bays Critical Area

Chair, Joint Subcommittee on
Program Open Space/Agricultural
Land Preservation

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 25th, 2023

Testimony in Favor of SB0167
Maryland State Arts Council - Funding

Chairman Guzzone, Vice-Chair Rosapepe, & members of the Budget and Taxation Committee,

I respectfully request a favorable report of Senate Bill 167, which would codify and further clarify the annual calculation for determining the annual appropriation of the Maryland State Arts Council (MSAC) to ensure that it includes the intended \$1 million from the admissions and amusement tax revenues on bingo and electronic tip jars.

The FY23 Department of Commerce Budget Analysis summarizes this issue best. “Beginning in fiscal 2022, the Department of Budget and Management (DBM) changed its method for calculating the general fund mandate for MSAC based on a change in interpretation of the language in the BRFA of 2017 on how to include the A&A tax revenues in the calculation compared to prior years. Both methods use the A&A tax revenues as part of the base when calculating the growth, but the new method then removes the \$1.0 million in A&A tax revenues after that growth calculation. The difference grows between years due to the cumulative effect of the lower base on subsequent calculations¹”.

The cumulative impact of this change leads to an underfunding of the MSAC by an estimated \$5.4M in 2026 - meaning significantly less funding for critical community arts programming if we do not find a permanent solution. This Committee has sought to fix this miscalculation in previous BRFAs; however, this legislation, if passed, will finally clarify the formula for the MSAC to ensure that it can continue to do its remarkable work across the State.

Once again, I respectfully request a favorable report of Senate Bill 167 to make good on the State’s commitment to supporting a vibrant and sustainable arts community across Maryland.

Sincerely,

A handwritten signature in black ink that reads "Sarah Elfleth".

Sarah Elfleth

¹<https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2023fy-budget-docs-operating-T00-Department-of-Commerce.pdf> (page 8)