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## Maryland DEPARTMENT OF PLANNING

**HEARING DATE:** March 4<sup>th</sup> at 1:00 PM

**BILL NO:** SB 980

**COMMITTEE:** Budget and Taxation

**POSITION:** Informational

**FOR INFORMATION CONTACT:** Andrew Wilson (443) 721-6789

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**TITLE:** Natural Resources – Maryland Heritage Areas Authority – Funding and Grants

**BILL ANALYSIS:**

SB 980 increases the maximum amount of Program Open Space funds that may be transferred to the Maryland Heritage Areas Financing Fund from \$6 million to a total of \$12 million annually, establishes a per project grant award amount of up to \$300,000, and reduces matching funds required for grants from 50% to 20% of total project costs. The bill also eliminates the provision that up to \$300,000 of funds in the Maryland Heritage Areas Financing Fund may be distributed to the Maryland Historical Trust to be awarded as non-capital historic preservation grants and reduce the amount of funding that may be used to pay the operating expenses of the Maryland Heritage Areas Authority from up to 10% to up to 7%.

**POSITION AND RATIONALE:**

The Maryland Department of Planning (MDP) is providing informational testimony specific to the bill's impacts to the Department and the Maryland Historical Trust (MHT). Of note, MDP concurs with the Department of Natural Resources' (DNR) testimony that the allocation of more POS funds to MHAA could result in decreased funding for their land conservation, recreation, capital development, and maintenance programs. Regarding the impacts to MDP and MHT specifically, as written this bill could create staffing shortages within MHT as the proposed percentage allowed to pay for operations may not cover its actual cost. If this bill moves forward than amendments should be considered to ensure the percentage for operating costs equals 7% of the overall MHAA appropriation or \$600,000, whichever is greater. This would allow MHT to continue its critical staffing support of MHAA regardless of its appropriation amount.

## MHAA Operations

The Maryland Heritage Areas Authority provides targeted financial and technical assistance, in the form of grants and loans, to organizations and agencies located within certified heritage areas. There are 13 certified heritage areas and approximately 300 active grants per year. The 10% in operating expenses that the Authority is currently permitted to transfer to the Maryland Heritage Areas Authority from Program Open Space funds provides the minimum amount needed to administer these activities which are completed by dedicated staff at the Maryland Historical Trust, an agency within the Maryland Department of Planning.

At the current \$6 million appropriation, the Authority receives \$600,000 for direct operating costs, which supports three dedicated MHAA programmatic positions, partial funding of two fiscal-side grant manager positions, as well as other costs such as partial support for outreach staff, grant lifecycle management software, travel, meeting costs, and other expenses necessary for effective program administration, including hiring consultants to perform third party studies or to assist in program evaluation and/or strategic planning. The current allocation does not cover all indirect costs for the program, including HR, IT, fiscal, and legal staff support, office space, etc., which are supported by the Maryland Department of Planning.

For the administrative activities of the Authority to continue, it is critical that operating funds not drop below the current amount of \$600,000 while the appropriation is \$6 million or more. If the appropriation is increased to \$12 million the number of grants awarded will double and the staff would need to increase as well. If funding for operating goes below these amounts, then staffing would be negatively affected and become unstable, which would impact the agency's ability to responsibly administer the program. In addition, fluctuations in operational funding from year to year could also impact the Authority's ability to afford grants lifecycle management software, third-party consultant studies and evaluations of program effectiveness, and other basic requirements like travel, equipment, etc.

MDP urges the consideration of amendments to SB 980 that would ensure adequate annual operating expenses that align with possible changes to the overall appropriation so the activities of the Authority can effectively be administered to grantees and heritage areas.

## Non-Capital Historic Preservation Grant Program

The MHT Non-Capital Historic Preservation Grant Program supports historic resource survey, documentation, and evaluation activities that serve as the foundation for the protection and development of historic resources; are vitally important to local and statewide comprehensive planning and community revitalization efforts; and ensure that developers and project planners can more easily comply with federal, State and local laws, leading to more streamlined project review and avoidance of costly delays.

Importantly, this program funding supports the identification of underrepresented histories and themes and sites that need new or additional research to meet today's standards. This data informs decision making about how and where to target local, state, and federal resources to promote environmental justice by ensuring that cultural resources associated with marginalized communities are not overlooked in state and federal environmental review processes. This ensures these resources are promoted as valuable heritage tourism assets and are recognized as important place making anchors in existing communities. There are no other funding sources that

duplicate the role that Non-Capital Historic Preservation grants play in Maryland, and so MDP is opposed to the proposed amendment that would see the elimination of this funding source. However, MDP understands that this funding being diverted from the MHAA appropriation is not ideal.

We recommend the Committee considers alternative modes of funding for MHT Non-Capital grants that would provide level funding for the program at \$300,000 annually. This would ensure continued support for historic site documentation and designation projects aimed at telling an inclusive story about Maryland history. Without this change, the bill as written would cause the MHT Non-Capital Historic Preservation Grant Program to become unfunded and inactive.