



House Bill 462

Program Open Space - Transfer Tax Repayment - Use of Funds

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 24, 2016

From: Les Knapp, Jr.

The Maryland Association of Counties (MACo) **SUPPORTS** HB 462 as amended by the Senate. The bill would partially restore some short-term funding to Program Open Space (POS) and other land preservation programs and would seek to protect the long-term funding of these important programs.

As amended, the bill would:

- reduce the anticipated transfer of monies from the transfer tax special fund to the General Fund in FY 17 and 18 and specify how the difference shall be allocated to POS, land preservation programs, and various other purposes;
- for any monies transferred from the transfer tax special fund into the General Fund in FY 2016, 2017, and 2018, require repayment of that transfer in FY 2021, 2025, 2029, minus any funding replaced through General Obligation bonds (Any funds transferred from the special fund into the General Fund after FY 2018 must be repaid over the next three fiscal years);
- declare that it is the intent of the General Assembly to restore POS and land preservation program funding to full funding starting in FY 2019; and
- address a required \$90 million repayment of stateside POS funding and critical maintenance issues at State parks.

For almost every year since FY 2002, funds that would normally flow through the transfer tax distribution formula to POS and land preservation programs such as the Maryland Agricultural Land Preservation Fund, Rural Legacy Program, and the Heritage Conservation Fund have instead been transferred into the General Fund. While some of this funding was replaced through General Obligation bonds, these programs have still seen a net loss of nearly \$670 million in funding since FY 2002.

HB 462 would fully restore that funding going forward and require that any future funding diversions after FY 2019 be subject to a repayment plan over three years. The need for local POS funding is well documented – Maryland’s 23 counties and Baltimore City have identified over \$1.8 billion in need-based priorities for land acquisition and the development and rehabilitation of park and recreation facilities. Both MACo and the Maryland Association of County Park and Recreation Administrators (MACPRA) have consistently supported the funding restoration of local-side POS.

The bill also incorporates somewhat modified recommendations stemming from the Land Preservation Workgroup, which was formed at the direction of the General Assembly and met throughout the interim of 2015. This workgroup of diverse stakeholders reached the following conclusions in its final report:

Notwithstanding the diversity of issues addressed and differing priorities among interests represented on the workgroup, the group wants to emphasize three major recommendations:

- *Restore full funding of Maryland’s land preservation programs with transfer tax revenue at the earliest possible opportunity.*
- *Make no changes to the transfer tax allocation formula in statute.*
- *Amend the statute to give the local governments more flexibility in spending POS-Local funds on the acquisition and development projects that best meet their recreation and open space needs.*

HB 462 does not encompass all of the recommendations of the Land Preservation Workgroup nor does it address the ongoing annual diversion of \$21 million from local POS to fund the operation of State Parks. These are critical issues that must still be addressed in the near future. However, the bill as amended does represent a positive step forward to restore predictable and sensible POS funding and ensure the future equitable distribution of funding under the transfer tax distribution formula. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 462.