

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 199

(Chair, Appropriations Committee)(By Request -
Departmental - Aging)

Appropriations

Budget and Taxation

Capital Grants for Senior Citizen Activities Centers

This departmental bill redefines “project” under the Senior Citizen Activities Centers Capital Improvement Grants Program to allow a center that has already received the maximum allowed under current law (\$800,000 over the lifetime of the center) to apply for and receive an additional grant for a different project at the same center. Even so, the sum of all State grants made for that center cannot exceed \$800,000 in any *15-year period*. Specifically, “project” means a capital construction, expansion, renovation, or replacement project for a proposed or existing senior citizen activities center; under current law, it is more broadly defined as a proposed or existing center. The bill makes related technical and clarifying changes.

Fiscal Summary

State Effect: As the total amount of funding available under the program is not affected and is established annually in the capital budget, the bill does not materially affect State operations or finances.

Local Effect: Existing centers that have reached their lifetime maximum in State support for capital costs under the program become eligible for State grants to help cover additional project costs. Thus, to the extent that local governments apply for and receive funding for these centers, local government revenues increase – with corresponding expenditures to meet the matching fund requirement.

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

Analysis

Current Law/Background: A senior citizen activities center is a community or neighborhood facility in which a broad spectrum of services are provided to individuals who are 60 or older, or to their spouses. Services provided include health, social, nutritional, educational, and recreational services.

A unit of local government may apply to the Secretary of Aging for a grant from the Senior Citizen Activities Centers Capital Improvement Grants Program for the cost of (1) planning, design, construction, acquisition, conversion, renovation, or improvement of a project; (2) developing a master plan; (3) purchasing capital equipment for a project; (4) leasing a project; or (5) making a subgrant to a nonprofit for one of the previously mentioned purposes. As noted above, under current law, “project” refers to a center. If the Secretary approves a grant application, the Secretary must file a report describing the scope of the project with the Board of Public Works (BPW) that includes a recommendation that BPW make the requested funds available.

Generally, a State grant for a project is capped at \$800,000 or 50% of the cost of eligible work remaining unpaid after any federal grant is applied, whichever amount is lower. Also, a State grant to develop a master plan is capped at \$15,000 or 50% of the plan’s development cost, whichever amount is lower. Under certain conditions, however, BPW may authorize a grant for a project that exceeds 50% of the cost of eligible work remaining unpaid after any federal grant is applied. Local governments are required to secure matching funds on a dollar-for-dollar basis against State dollars.

The State may recover State grant funds if, within 15 years after completion (1) the project’s property is no longer operated as a senior citizen activities center or (2) an interest in property is assigned, transferred, or conveyed without approval by BPW or for use other than as a senior citizen activities center. The State is entitled to recover the sum of a specified fraction of the value of the project property at the time of the recovery and costs, including reasonable attorneys’ fees that the State incurs in recovery proceedings.

MDOA advises that there are 115 senior centers in Maryland and, from fiscal 2003 through 2017, MDOA provided funds to assist in the construction or renovation of 28 senior center projects across the State. The Governor’s proposed capital budget for fiscal 2018 includes \$946,000 in funding for two senior centers: one each in Carroll and St. Mary’s counties.

As the program was established more than 30 years ago, MDOA advises that, despite increases in the lifetime maximum over the years, seven centers have now reached the lifetime maximum of support under current law. This is occurring when many centers need repairs and/or critical safety upgrades. The Department of Legislative Services (DLS) also raised the issue in its analysis of both the fiscal 2016 and 2017 capital budgets. For

example, two of the projects in the fiscal 2017 capital budget would reach the cap if funded. DLS indicated that relaxing the timeframe for reaching the maximum funding threshold – such as only counting the funding received within a 10- to 20-year period rather than over the lifetime of the center – could allow more centers in need to maintain eligibility for funding and increase demand for the program.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Aging; Baltimore, Carroll, Harford, Montgomery, Queen Anne's, and St. Mary's counties; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2017
fn/ljm Third Reader - March 15, 2017

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Capital Grants for Senior Citizen Activities Centers

BILL NUMBER: HB 199

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

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

Bill permits but does not require the State to provide funds for senior centers which previously received capital grant funding. The program remains a part of the State Capital Budget and subject to the Administration's allowance.