

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Enrolled

House Bill 125 (Delegate Healey)
Health and Government Operations Education, Health, and Environmental Affairs

Board of Public Works - Land Acquisition - Requirements

This bill prohibits the Board of Public Works (BPW) from approving the acquisition of specified real property worth at least \$500,000 unless (1) BPW provides the Legislative Policy Committee (LPC) with a justification for the acquisition and, in some instances, specified information and (2) in some circumstances, a study is done regarding the ongoing fiscal effect of the acquisition on the State. The bill does not apply to specified acquisitions of (1) property for land preservation and conservation purposes, primarily by the Department of Natural Resources (DNR); (2) property acquired by either the Maryland Aviation Administration or the Maryland Port Administration; or (3) federally owned military property. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: Except for exempted acquisitions, the bill may delay or disrupt the State's land acquisition process, as discussed below. General and special fund expenditures may increase to conduct cost-benefit analyses and environmental impact analyses, but a reliable estimate is not feasible. No effect on revenues.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: For the acquisition of real property worth at least \$500,000, BPW must provide LPC with (1) a justification for the planned acquisition and (2) if requested by the LPC co-chairs within 14 days of receiving the justification, a cost-benefit analysis of the

planned acquisition. LPC may request at least 45 days to review and comment on the information provided before the acquisition is approved.

If the acquisition of property is from the federal government and requires the State to provide ongoing maintenance of the property, BPW may not approve the acquisition until it provides LPC with (1) a notice that the acquisition requires the State to provide ongoing maintenance and (2) if requested by the LPC co-chairs within 14 days of receiving the notice, a study on the ongoing fiscal effect of the acquisition on the State, including any environmental mitigation that may be required.

Current Law: In general, any real or personal property owned by the State or a unit of State government may be sold, leased, transferred, exchanged, granted, or otherwise disposed of to (1) any person, the federal government or any of its units, or any unit of State government for consideration that BPW deems adequate or (2) any county or municipal corporation in the State, subject to conditions imposed by BPW.

For specified preserved and protected land and State-owned real or personal property funded by the General Assembly that has an appraised value of more than \$100,000, BPW may not approve the sale, transfer, exchange, or grant of property until (1) the Department of General Services (DGS) or DNR submits two independent appraisals of the property that meet specified conditions; (2) specified information is provided to LPC and the budget committees; and (3) 45 days have passed since the property was declared surplus and the information was provided to the General Assembly. Within 45 days, LPC must review the information and either approve the transaction or refer it to the full General Assembly and notify BPW of the referral. If LPC takes no action within 45 days, the disposition of property is deemed to be approved.

Background: In 2017, the Governor signed a memorandum of understanding with the U.S. Department of the Interior for a potential land swap in which the State would acquire federal property in Oxon Cove Park in Prince George's County in exchange for about 2,400 acres of State-owned property along the Appalachian Trail in Frederick and Washington counties. When the potential exchange became public in December 2018, the Hogan Administration announced that a potential use for the land in Prince George's County was the construction of a new stadium for the Washington Redskins.

However, on February 12, 2019, various media organizations quoted a spokesperson for the Governor as saying that the State was no longer interested in using the land for a football stadium, but that it would continue to pursue the exchange for economic development purposes.

State Expenditures: DGS and the Maryland Department of Transportation (MDOT) both indicate that the bill's 45-day waiting period for LPC, which applies only if requested by LPC, may negatively affect the State's ability to purchase land by extending the purchasing process. Although current law includes a 45-day waiting period for the *disposal* of State property, there is no corresponding waiting period for the *acquisition* of property. To the extent that LPC requests the 45-day review period and owners of real property do not want to wait 45 days to complete a sale or other transfer of property to the State, the bill may complicate efforts by the State to acquire real property (other than those acquisitions that are exempted by the bill).

MDOT advises that the cost-benefit analyses that may be requested under the bill for nonexempt property acquisitions may result in increased expenditures and/or more staff time, but as the frequency and scope of the analyses is not specified by the bill, MDOT cannot provide a reliable estimate of the potential costs.

Additional Information

Prior Introductions: HB 1282 of 2019 passed the House and passed second reading in the Senate, but no further action was taken.

Designated Cross File: SB 148 (Senator Young) - Education, Health, and Environmental Affairs.

Information Source(s): Department of General Services; Board of Public Works; Maryland Department of Transportation; Department of Legislative Services

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