

Department of Legislative Services  
 Maryland General Assembly  
 2024 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 688  
 Appropriations

(Delegate Barnes)

Budget and Taxation

Maryland Historical Trust - Historical and Cultural Museum Assistance  
 Program - Funding

This bill authorizes the Governor to include in the annual budget bill an appropriation of \$5.0 million to the Maryland Historical Trust (MHT) to fund grants under the Historical and Cultural Museum Assistance Program for fiscal 2025 and each fiscal year thereafter. The bill also repeals a provision that prohibits MHT from making a grant under the program to a museum that is currently receiving operating support from the Maryland State Arts Council. **The bill takes effect July 1, 2024.**

Fiscal Summary

**State Effect:** General fund expenditures are assumed to increase by \$5.0 million annually beginning in FY 2026, as discussed below. Special fund revenues and expenditures increase correspondingly by \$5.0 million annually beginning in FY 2026.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$0	\$5.0	\$5.0	\$5.0	\$5.0
GF Expenditure	\$0	\$5.0	\$5.0	\$5.0	\$5.0
SF Expenditure	\$0	\$5.0	\$5.0	\$5.0	\$5.0
Net Effect	\$0.0	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local government revenues and expenditures increase annually beginning in FY 2026, due to receipt of grant funds and spending of those funds.

**Small Business Effect:** Potential meaningful.

## Analysis

### Current Law:

#### *The Historical and Cultural Museum Assistance Program*

The Historical and Cultural Museum Assistance Program of MHT provides political subdivisions and nonprofit organizations with financial assistance for museums in the State. Grants made by the program from the Historic Preservation and Historical and Cultural Museum Assistance Grant Fund (MHT Grant Fund) to political subdivisions and nonprofit organizations are used by museums for:

- research related to collections, exhibits, or other educational activities;
- the care, conservation, interpretation, and documentation of collections;
- the planning, design, and construction of exhibits;
- educational programs and projects;
- the development of master plans for museums, including activities required to achieve accreditation by the American Association of Museums or another appropriate entity;
- minor structural modifications to existing museum facilities;
- the development of plans and specifications and the provision of architectural, engineering, or other special services directly related to the construction or rehabilitation of museum facilities; or
- operating support for any museum-related activity, including activities described above.

#### *Historic Preservation and Historical and Cultural Museum Assistance Grant Fund*

The MHT Grant Fund supports MHT's Historic Preservation Grant Program (MHT Grant Program) and Historical and Cultural Museum Assistance Program. The MHT Grant Fund consists of, among other things, money appropriated in the State budget to the MHT Grant Program or the Historical and Cultural Museum Assistance Program. MHT may not make a grant under the Historical and Cultural Museum Assistance Program to a museum that (1) currently is receiving operating support from the Maryland State Arts Council; (2) is operated wholly or partly by the State; or (3) has not existed as a nonprofit organization for at least three years before applying for the grant.

Authorized uses of the MHT Grant Fund include, among other things, (1) making grants to political subdivisions and nonprofit organizations for use by museums under the Historical and Cultural Museum Assistance Program and (2) paying for reasonable and

necessary administrative costs directly related to the administration of the MHT Grant Fund of up to 5% of the annual general fund appropriation to the MHT Grant Fund.

**State Fiscal Effect:**

*General Funds*

Under the bill, the Governor *may* include an appropriation of \$5.0 million for the program in the annual budget bill for fiscal 2025 and each fiscal year thereafter. Although funding for the program is not mandated, this analysis assumes that annual funding for the program of \$5.0 million is included in the annual budget bill for fiscal 2026 (the first budget prepared by the Governor after the bill’s July 1, 2024, effective date) and each fiscal year thereafter. Thus, general fund expenditures are assumed to increase by \$5.0 million annually beginning in fiscal 2026.

*Special Funds – Historic Preservation and Historical and Cultural Museum Assistance Grant Fund*

*Revenues*

Special fund revenues increase by \$5.0 million annually beginning in fiscal 2026, due to receipt of the general fund appropriations by the MHT Grant Fund. As stated above, the MHT Grant Fund consists of, among other things, money appropriated in the State budget to the Historical and Cultural Museum Assistance Program.

*Expenditures*

Special fund expenditures increase by \$5.0 million annually beginning in fiscal 2026, reflecting administrative costs and grant funding. This analysis assumes that all available funding is spent/awarded each fiscal year. Although the bill authorizes appropriations of \$5.0 million annually “to fund grants under the program,” existing statute specifies that the MHT Grant Fund holds money appropriated in the State budget to the program and that the fund may be used to pay for reasonable and necessary administrative costs of up to 5% of the annual general fund appropriation to the fund, which, with respect to the \$5.0 million appropriation to the program, is \$250,000.

Therefore, a portion of the funding, \$188,971 in fiscal 2026, is assumed to be used by MHT to hire two full-time administrative staff (an administrator and an assistant administrator) to administer all aspects of the grant program. MHT advises that the program has not had funding or staff in recent years. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. After accounting for administrative costs, \$4.8 million is available in fiscal 2026 to fund grants to eligible entities.

Positions	2.0
Salaries and Fringe Benefits	\$173,897
Operating Expenses	15,074
<b>Administrative Costs Subtotal</b>	<b>188,971</b>
Grants	<u>4,811,029</u>
<b>Total FY 2026 Special Fund Expenditures</b>	<b>\$5,000,000</b>

Future year expenditures reflect (1) full salaries with annual increases and employee turnover; (2) annual increases in ongoing operating expenses; and (3) grant funding consisting of the remainder of the \$5.0 million annual appropriation.

**Local Fiscal Effect:** Local government revenues and expenditures increase annually beginning in fiscal 2026, due to receipt of grant funds and spending of those funds. Local governments are eligible recipients of funding under the program.

**Small Business Effect:** Small business may meaningfully benefit from grant funding under the bill. MHT indicates that vendors who provide strategic planning, collections conservation, and exhibit development, which would be supported by grant funds under the bill, are often small businesses.

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### Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 616 (Senator Guzzone) - Budget and Taxation.

**Information Source(s):** Maryland Historical Trust; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2024  
 km/sdk Third Reader - March 22, 2024  
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