



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

DAVID R. BRINKLEY
Secretary

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Lieutenant Governor

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Deputy Secretary

HOUSE BILL 310 Maryland Arts Capital Grant Program (Lierman)

STATEMENT OF INFORMATION

DATE: January 20, 2021

COMMITTEE: House Appropriations

SUMMARY OF BILL: HB 310 creates a Maryland Arts Capital Grant Program to be administered by the Maryland State Arts Council with at least one full-time coordinator to run the Program, the purpose of which is to provide State grant funds to arts organizations with an operating budget of less than \$3 million for the expansion, renovation, or major repair of the organization’s facilities. The bill mandates an operating or capital appropriation of \$3 million annually in FY 2023 - FY 2028.

EXPLANATION: The Department of Budget and Management (DBM) has the responsibility of submitting a balanced budget to the General Assembly annually, which requires spending allocations for FY 2022 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2020. DBM’s comments are not directed to the underlying policy proposal being advanced by the legislation, but rather on the impact to a structurally balanced budget moving forward. Flexibility in allocating available funds is paramount, particularly when the aggregate of increased spending mandates is unsustainable. Spending growth continues to outpace revenue growth.

General Fund Budget Outlook Fiscal 2021-2026

(\$ in Millions)

	2021 Working <u>Approp.</u>	2022 <u>Baseline</u>	2023 Est.	2024 Est.	2025 Est.	2026 Est.
Cash Balance	\$778	-\$632	-\$851	-\$851	-\$709	-\$611
Structural Balance	-\$649	-\$816	-\$566	-\$581	-\$450	-\$339

“However, it is important to note that revenue uncertainty as well as the potential for overrides of vetoes from the 2020 session, could impact this outlook.” Department of Legislative Services, December 2020 Spending Affordability Committee Report

Until we achieve long-term structural balance, programs cannot rely on a consistent funding level. Passage of this legislation does not guarantee future funding. Mandated appropriations are routinely repealed or modified in a subsequent Budget Reconciliation and Financing Act (BRFA), which is necessary to ensure an annually balanced budget, as required by the Maryland Constitution.

Economic conditions remain precarious as a result of COVID-19, making revenue predictions for the remainder of FY 2021 and FY 2022 highly volatile. Many individuals and households are unemployed or underemployed, with many industry sectors operating at much less than 100% capacity. Federal stimulus programs are providing much needed relief, but whether funds are sufficient to meet all COVID-related needs is another budgetary vulnerability.

The highest priority of the Administration is to work with the 2021 General Assembly in enacting the Governor's emergency Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (RELIEF Act). The RELIEF Act provides \$1 billion in direct stimulus and tax relief for Maryland working families, small businesses, and those who have lost their jobs as a result of the COVID-19 pandemic.

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