



**ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR**

To: Councilmembers, Anne Arundel County Council
From: Michelle Bohlayer, County Auditor
Date: February 16, 2022
Subject: Auditor's Review of Legislation for the February 22, 2022 Council Meeting

**Bill 5-22:
Licenses and Registrations
– Amusements – Licensing
of Coin-Operated
Amusement Devices (As
Amended)**

Summary of Legislation

This bill amends the definition of coin-operated amusement device, amends the regulations governing the licensing of coin-operated amusement devices, amends the classes of specific licenses, repeals a location prohibition, allows prizes and awards of a certain wholesale value, prohibits the transfer of a certain license, and allows the suspension or revocation of a license under certain circumstances.

We commented on this bill in our letter dated February 2, 2022. At the February 7, 2022 Council meeting, this bill was amended to clarify that the maximum value of coin-operated amusement device prizes or awards applies per play of the device. We have no further comments on this bill.

**Bill 8-22:
Zoning – 2022 Green
Infrastructure Master
Plan**

Summary of Legislation

This bill repeals the 2002 Greenways Master Plan and adopts the 2022 Green Infrastructure Master Plan with appendices as a guide for the future conservation of natural lands in the County.

These changes to the fiscal year 2022 (FY22) Budget have been reviewed by the Planning Advisory Board (PAB), and they have offered a recommendation that the plan moves forward to the County Council for review and adoption with four recommendations.

Bill 8-22 (continued)**Review of Fiscal Impact**

We agree with the Administration's fiscal note that there is no fiscal impact associated with this ordinance, but there could be a fiscal impact from future actions to implement this plan. The Department of Recreation and Parks has indicated that an assessment of needs will need to be completed to define the scope of work for this program. They anticipate that a Natural Resources Technician position will be needed to accomplish the implementation of the 2022 Green Infrastructure Master Plan. Annual salary and benefit costs for this position ranges from approximately \$80,000 to \$147,000 with one-time costs of approximately \$50,000 to purchase a vehicle, computer, and other capital outlay to support this position. The Department of Recreation and Parks intends to request funding related to this program in the fiscal year 2023 proposed budget.

**Bill 9-22: Personnel –
Classified Service –
Benefits – Holidays –
Juneteenth****Summary of Legislation**

This bill adds Juneteenth to the list of recognized holidays in the County Code for full-time classified employees. The bill also increases the number of additional annual leave days provided to classified employees who are required to work on holidays from 15 to 16 each year.

Review of Fiscal Impact

This bill will result in a fiscal impact to the County, though the exact increase will be determined by employee behavior. For example, for certain classified employees who are receiving an increase in annual leave days, this legislation can result in an increased payout upon leaving County service, as annual leave can be paid out upon termination of employment. This can also result in increased pension calculation for certain eligible employees that retire from County employment for whom the annual leave above the maximum carry over limit converts to disability leave and increases their pension calculation upon retirement. Certain positions are exempt and will likely not result in a direct fiscal impact, but other positions which must provide shift coverage could potentially result in increased overtime for the increased leave usage.

**Bill 10-22:
Private Disposition of
County-Owned Properties
in Annapolis**

Summary of Legislation

This bill approves the private disposition of two County-owned properties, known as 0.1029 acres and 0.1715 acres of surplus property part of Old Admiral Court in Annapolis, to 711 Bestgate Partners, LLC.

Each of the aforementioned properties had two independent appraisals performed to determine the fair market value of the property, as required by County Code. The front property comprised 0.1029 acres and appraised for \$98,600 as of November 4, 2020 and \$71,712 as of November 20, 2020, for an average of approximately \$85,000. The back property comprised 0.1715 acres and appraised for \$199,400 as of August 7, 2020 and \$191,100 as of August 12, 2020, for an average of approximately \$195,000. The total average for both properties is approximately \$280,000.

The Office of Central Services (Central Services), Real Estate Division advertised an invitation for bids in the Capital Gazette newspaper for three consecutive weeks. The front property ran starting December 12, 2020 indicating a minimum acceptable price of \$85,160 and the back property ran starting September 19, 2020 indicating a minimum acceptable price of \$195,000. However, no bids were received by the County until May 2021 when an offer was received from 711 Bestgate Partners, LLC for \$20,000 for the front property and \$5,000 for the back property, for a total offer of \$25,000.

Review of Fiscal Impact

We agree with the information presented in the Administration's fiscal note that the County will receive a total of \$25,000 in exchange for these properties. However, as noted above, the appraisals for these properties were significantly higher. Central Services explained that they do not understand the property valuations provided in the appraisals and that they were far higher than the expected given the size and location of the properties.

**Bill 11-22: Current
Expense Budget – Board
of Education –
Supplementary
Appropriation**

Summary of Legislation

This bill makes supplementary appropriations from unanticipated revenues to the Local Education Fund for the Board of Education (BOE). This bill reflects the budgetary changes adopted by the BOE at their meeting on December 15, 2021.

Review of Fiscal Impact

This bill recognizes a total of \$63,539,300 in additional federal and state restricted funds received by the BOE with federal grant revenue and state grant revenue totaling \$61,779,300 and \$1,760,000, respectively.

The BOE approved FY22 Second Quarter Operating Budget Supplemental and Fund Transfers includes the following increases:

- \$2,326,400 for Administration to provide funding for a blueprint consultant; data analytics for IT security, backup cloud storage, and server upgrades; consultant to help with implementation of the Emergency Connectivity Fund grant (Chromebooks and internet); grant administrative charges; and fingerprinting for mid-day monitors, tutors, and volunteers;
- \$640,300 for Mid-Level Administration for virtual school administration, training, and office supplies; a Homeless Education secretary position; temporary grant project management support; professional development for school administrators and principals; and charter school admin staff supplies;
- \$21,659,800 for Instructional Salaries and Wages for tutoring services for McKinney Vento Program students; salaries for temporary coaches/mentors, teachers, and teaching assistants (TAs); stipends for temporary TAs for recess, tutors, e-coaches, charter and contract schools, social/emotional training, after school career counseling, enhancing student enrichment experiences, family and community engagement supports, and social/emotional activities during the summer; and a Behavioral Assistant for Mills-Parole Elementary School;
- \$8,524,300 for Textbooks & Classroom Supplies for after school program instructional materials; software and licenses; laptop and Chromebook leases; materials of instruction (MOI) for virtual school, charter school, summer programming, community events, and PreK classrooms; counseling testing materials; and supplies for student attendance incentives, food pantries, and family cooking classes;
- \$4,487,100 for Other Instructional Costs for tutoring stipends and activity buses, laptops for staff, Maryland Virtual Learning Opportunities contract, psychological services contracts, attendance support contract, tuition free summer programs and after school programs, creation of outdoor learning environments, mileage for signature programs, professional development opportunities for school staff, and charter and contract school initiatives;

Bill 11-22 (continued)

- \$8,040,500 for Special Education for recovery services stipends; virtual academy staffing; related services contracts; MOI for tutoring; software licenses for special education (SPED) students; microphones for SPED teachers; mileage; and specialized lifts, walkers, activity chairs, supine standers, and assistive technology equipment;
- \$1,041,600 for Pupil Services for stipends for social emotional training for staff, charter schools attendance support and contract, social worker and pupil personnel workers for virtual academy, trauma training for staff, mobile crisis summer camp, threat assessment software, translation software, and professional development and mileage reimbursements for community school program managers;
- \$558,900 for Health Services for contact tracing administration and stipends, additional nursing services, payments for private therapy appointments for uninsured students, telemedicine license for school nurses, and COVID testing/contact tracing supplies;
- \$2,845,700 for Pupil Transportation to provide compensation to Anne Arundel County Public School's bus drivers for additional extended school year days and for transportation for summer school and activity buses for tutoring, programs, and prekindergarten;
- \$3,414,300 for Operation of Plant for bipolar ionization system at charter schools and additional temporary custodial support, filters, sanitizing wipes, hand sanitizers, payment for Google voice, cell phones for virtual academy staff, MiFi for virtual academy students, and upgrade of data switches;
- \$5,677,700 for Maintenance of Plant for preventative maintenance technicians for HVAC and interior air handling units and for Center of Applied Technology South welding room design; and
- \$4,322,700 for Fixed Charges for fixed charges associated with all salary and wage appropriation in all of the grants.

The Controller has certified that such funds are available for appropriation.

**Bill 12-22:
Capital Budget and
Program – Board of
Education Security
Related Upgrades and
Maintenance Backlog
Capital Projects –
Supplementary
Appropriations**

Summary of Legislation

This bill makes supplementary appropriations from an anticipated source in excess of budget estimates to BOE Security Related Upgrades and Maintenance Backlog capital projects. This bill reflects the budgetary changes adopted by the BOE at their meeting on December 15, 2021.

These changes to the FY22 Capital Budget have been reviewed by the PAB, and they have offered an advisory recommendation of approval.

Review of Fiscal Impact

The bill recognizes a total of \$1,082,000 in additional state grants from the Maryland Interagency Commission on School Construction to the BOE.

The BOE approved FY22 Supplemental Capital Budget Appropriation includes the following increases:

- Security Related Upgrades capital project (Project #E538100) – increases \$782,000 in other state grants, and
- Maintenance Backlog capital project (Project #E538300) – increases \$300,000 in other state grants.

The \$782,000 in supplementary appropriation for Security Related Upgrades capital project will be used to add a security vestibule at the following schools: Brooklyn Park Elementary, Davidsonville Elementary, Glendale Elementary, Hilltop Elementary, Jacobsville Elementary, Marley Glen Special, and Ruth Park Eason. The \$300,000 in supplementary appropriation for Maintenance Backlog capital project will be used for the replacement of existing chillers with similar sized chillers to repair the air-conditioning at Glendale Elementary School and Riviera Beach Elementary School.

The Controller certified that such funds are available for appropriation.

**Bill 13-22:
Finance, Taxation, and
Budget – Personal
Property Tax Credits and
Exemptions – Reduction in
Assessment – Qualified
Data Center Personal
Property**

Summary of Legislation

This bill defines certain terms; establishes reductions of assessment of qualified data center personal property used in a qualified data center for the purpose of County personal property tax; adds the eligibility requirements for the reduction, the amount of the reduction, and the application process; establishes when the reduction in assessment begins and when the reduction terminates; and establishes requirements for an annual report.

Qualified data center personal property used in a qualified data center with at least \$10 million of total investment in the qualified data center that created a total of at least 10 qualified positions may qualify for a 15 year reduction in County personal property taxes. Specifically, years 1 through 5 allow for a 100% reduction in assessment and years 6 through 15 allow for a 50% reduction in assessment. A total investment can include both personal and real property.

A qualified data center would be eligible for a tax credit related to personal property based on the assessment provided by the Maryland State Department of Assessments and Taxation (SDAT). The County FY22 personal property tax rate is 2.332%. Future year assessments would also be determined by SDAT and would include depreciation of the personal property.

Review of Fiscal Impact

The fiscal impact of this bill depends on each qualified data center. Existing data centers that qualify will not have a fiscal impact to the County due to the County's practice of maximizing the property tax revenue under the tax cap. In this situation, this tax credit would not impact the property tax revenue collected by the County, but rather would be absorbed by the remaining tax base.

Data centers that choose a location in the County due to this tax credit will increase the personal property tax revenue in years 6 through 15, however, there is no lost property tax revenue because the tax credit program is what led the data center to be built in the County. If this tax credit program resulted in data centers being located in the County that would otherwise be built elsewhere, this could result in additional County revenue driven by the real property taxes and additional business activity.

The most significant fiscal impact to the County would be for data centers that were going to be built in the County regardless of the tax credit program because the County would forego the full personal property tax revenue, but we are unable to determine which data centers would fall into this category and are therefore unable to quantify that potential fiscal impact.

The Office of Finance does not anticipate needing additional resources to support the application review and approval process.

**Bill 14-22:
Public Safety –
Distribution of Literature
to Purchasers of Guns or
Ammunition - Violations**

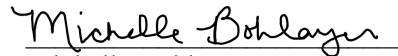
Summary of Legislation

This bill makes violations of the distribution of literature to purchasers of guns or ammunition provisions a Class E civil offense. These provisions were passed via Bill 108-21 with an effective date of April 10, 2022.

Review of Fiscal Impact

This bill will decrease the fines for offenses, however, the provisions indicating a Class C civil offense are not yet effective, so we are unable to estimate the potential number of violations that would be impacted.

Sincerely,


Michelle Bohlayer
County Auditor