

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 877

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Natural
Resources)

Education, Health, and Environmental Affairs

Appropriations

Waterway Improvement Fund - Public Boating Construction Projects -
Financing Limits

This departmental bill increases the maximum limit on the cost of a local construction project beneficial to the boating public which the Waterway Improvement Fund (WIF) may finance completely (without local funding), regardless of its location. The bill increases the limit on the cost of the projects from “less than \$100,000” to “\$250,000 or less.” **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None. The bill does not change the overall level of funding appropriated annually from WIF.

Local Effect: Local governments may benefit from greater access to 100% WIF funding for local boating facility projects.

Small Business Effect: The Department of Natural Resources (DNR) 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: With certain exceptions, a local government and WIF must jointly finance projects to construct marine facilities beneficial to the boating public. The contribution of WIF must be limited to not more than 50% of the cost of each project. WIF may, however,

finance completely any construction project beneficial to the boating public which costs less than \$100,000 regardless of its location.

Other types of projects that may be financed solely by WIF include projects for dredging and marking channels and harbors, construction of jetties and breakwaters, and clearing debris, aquatic vegetation, and obstructions in navigable waters, as well as construction of marine facilities located within lands owned by DNR and construction of pump-out stations for use by the general boating public at public and private marinas.

Background:

Proposed Increase in Maximum Cost Limit

DNR indicates that the purpose of the 100% WIF-funded local boating facility projects is to develop and enhance public boating access facilities, including boat ramps and associated boarding piers, and bulkheads, parking areas, and access roads. The cost of constructing and maintaining a typical boating facility has increased over time and DNR indicates that the “less than \$100,000” limit results in the majority of projects needing to secure matching funding, which can cause projects to be postponed. The proposed \$250,000 maximum amount is expected to be sufficient, based on documented current construction costs, to allow those local projects to be covered by 100% WIF funding if needed.

The Governor’s proposed fiscal 2020 budget includes \$13.5 million in special funds from WIF for various types of local projects that expand and improve recreational boating throughout the State.

Waterway Improvement Fund

WIF finances projects and activities that promote, develop, and maintain Maryland’s waterways for the benefit of the boating public. Vessel excise tax revenues are the major source of funding for WIF. Pursuant to statute, WIF is used to, among other things, (1) mark channels and harbors and establish aids to navigation; (2) clear debris, aquatic vegetation, and obstructions from State waters; (3) dredge channels and harbors and construct jetties and breakwaters; (4) construct and maintain marine facilities beneficial to the boating public; (5) provide matching grants to local governments for the construction of specified marine facilities, vessels, and equipment; (6) construct structural and nonstructural shore erosion projects; and (7) provide boating information and education.

WIF contributes funding to various operations within DNR, including Fishing and Boating Services, the Chesapeake and Coastal Service (local project funding), Engineering and

Construction, the Licensing and Registration Service, the Natural Resources Police, and the Office of the Secretary.

Local Fiscal Effect: Local governments may benefit from access to 100% WIF funding for local boating facility projects that otherwise require matching funding in the absence of the bill. The bill, however, does not affect the overall amount of funding provided for local projects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources; Anne Arundel, Garrett, and Montgomery counties; City of Laurel; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - February 25, 2019
mm/lgc Third Reader - March 12, 2019

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Waterway Improvement Fund - Public Boating Construction
Projects - Financing Limits

BILL NUMBER: SB 877

PREPARED BY: Kristen B. Fleming

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

Increasing the grant limit for 100% Waterway Improvement Funds from \$99,500 to \$250,000 would reduce administrative and financial burdens on local governments and will allow public boating facility projects to be completed more efficiently. This bill does not affect small businesses as they are not eligible for these grant funds.