

**KA05**  
**Department of Natural Resources – Capital**

***Capital Budget Summary***

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**Grant and Loan Programs**  
**(\$ in Millions)**

	<i>FY 2011 Approp.</i>	<i>FY 2012 Approp.</i>	<i>FY 2013 Allowance</i>	<i>FY 2013 Adjusted</i>	<i>% Change FY 2012-13 Adjusted</i>	<i>DLS Recommd.</i>
Program Open Space						
Land Acquisition and Local Program	\$77.779	\$32.959	\$103.869	\$75.579	<b>129.3%</b>	\$66.149
Natural Resource Development Fund	13.392	3.450	15.035	10.874	<b>215.2%</b>	10.874
Critical Maintenance	6.586	3.380	12.394	8.394	<b>148.3%</b>	8.394
Dam Rehabilitation	0.150	1.045	0.000	0.000	<b>-100.0%</b>	0.000
Rural Legacy Program	16.954	4.515	27.688	14.889	<b>229.8%</b>	5.622
Ocean City Beach Maintenance	7.459	2.000	0.000	0.000	<b>-100.0%</b>	0.000
Waterway Improvement Program	12.258	8.257	8.299	8.299	<b>0.5%</b>	8.299
Community Parks and Playgrounds	2.500	2.500	2.500	2.500	<b>0.0%</b>	2.500
Oyster Restoration Program	0.000	1.000	8.060	8.060	<b>706.0%</b>	8.060
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	0.000	0.000	27.756	27.756	<b>100.0%</b>	27.756
<b>Total</b>	<b>\$137.078</b>	<b>\$59.106</b>	<b>\$205.601</b>	<b>\$156.351</b>	<b>164.5%</b>	<b>\$137.654</b>

Note: All columns reflect prior year and current year replacement general obligation bond funding. The fiscal 2013 adjusted column does not include contingent reductions for fund transfers included in the Budget Reconciliation and Financing Act of 2011 and \$1.2 million of Program Open Space – State funding to be used for operating expenses.

## *Summary of Issues*

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***Waterway Improvement Fund Shortfall:*** Waterway Improvement Program funding has been hit particularly hard by the decline in vessel excise tax revenues. Currently, most of the revenue is used to support operating costs leaving little funding to support capital infrastructure projects. **The Department of Legislative Services (DLS) recommends that DNR comment on the status of its efforts to ensure that the most critical waterway improvement projects are identified, prioritized, and funded.**

***Plan for Oyster Restoration Program:*** The outcomes accomplished by previous iterations of the Oyster Restoration Program have been difficult to track and are assumed to be minimal given the continuing reduced numbers of oysters in the Chesapeake Bay, which now are estimated to be at between 0.3 and 1.0% of historic levels. With the publishing of the Oyster Preliminary Environmental Impact Statement, the Maryland Oyster Restoration and Aquaculture Development Plan, and a recent oyster restoration metrics report by a National Oceanic and Atmospheric Administration workgroup, more hard data is now available to guide future State resource allocations. **DLS recommends that DNR submit a report on its progress toward the tributary and reef level goals for oyster habitat restoration.**

***Harriet Tubman Underground Railroad State Park Operations Funding Uncertain:*** The Harriet Tubman Underground Railroad State Park – Visitor Center will be the first Maryland State park presence in Dorchester County. Project implementation has been impacted by federal funding uncertainty. In addition, there have been difficulties in obtaining support from the Department of Business and Economic Development for leveraging local funding for long-term operations and maintenance. **DLS recommends that DNR comment on the cost of long-term operations and maintenance for the Harriet Tubman Underground Railroad State Park and how it will address this need if outside funding is not obtained.**

## ***Summary of Updates***

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***Marcellus Shale Drilling and Valuation for the Rural Legacy Program:*** In the 2011 *Joint Chairmen’s Report*, the budget committees expressed concern that landowners in the Bear Creek Rural Legacy Area are dissuaded from participating in the Rural Legacy easement acquisition program due to restrictions on natural gas exploration in the Marcellus Shale formation. DNR reiterates that it will only acquire easements under the following conditions: lease buy out, lease expiration, or lease amendment. Although, DNR notes that landowners may pursue several avenues for dealing with subsurface mineral rights that are owned by somebody else.

***Impact of Chapter 410 of 2011 (State Government – Land Acquisitions and Transfers of Property) and Program Open Space Administrative Funding Needed:*** State Government – Land Acquisitions and Transfers of Property (Chapter 410 of 2011) consolidated State land acquisition and planning functions related to open space, recreation, and conservation within DNR. Authority to negotiate State Program Open Space land acquisitions was transferred from the Department of General Services to DNR. Also, responsibility for preparation of the State’s Land Preservation, Parks, and Recreation Plan was transferred from the Maryland Department of Planning to DNR. In August 2011, DNR began taking items to the Board of Public Works under the newly created DNR Real Property Agenda as Supplement A on the Secretary’s Agenda.

## ***Summary of Recommended PAYGO Actions***

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1. Concur with the Program Open Space budget bill language.
2. Concur with the Governor’s allowance for the Waterway Improvement Capital Program special fund appropriation of \$268,000 and the federal fund appropriation of \$600,000.

## ***Summary of Recommended Bond Actions***

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	<b><u>Reduction</u></b>
1. Reduce by \$9,430,000 the general obligation bond authorization for the Program Open Space – Land Acquisition and Local Program.	\$9,430,000
2. Approve the \$10,874,000 general obligation bond authorization for the Natural Resources Development Fund.	
3. Approve the \$8,394,000 general obligation bond authorization for the Critical Maintenance Program.	
4. Reduce by \$9,267,000 the general obligation bond authorization for the Rural Legacy Program.	\$9,267,000
5. Approve the \$7,431,000 general obligation bond authorization for the Waterway Improvement Program.	
6. Approve the \$2,500,000 general obligation bond authorization for Community Parks and Playgrounds.	
7. Approve the \$8,060,000 general obligation bond authorization for the Oyster Restoration Program.	
8. Adopt committee narrative requesting a report on Oyster Restoration Program expenditures and outcomes.	

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9. Approve the \$27,756,000 general obligation bond authorization for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.
10. Approve the modification of Chapter 483 of 2010 to allow the Natural Resources Development Fund authorization to be used for Fort Frederick State Park improvements instead of the officers' quarters.
11. Add \$2,261,000 to the fiscal 2014 general obligation bond pre-authorization for Program Open Space – Local, and approve the fiscal 2014 general obligation bond pre-authorization of \$15,093,000 for Program Open Space – State.
12. Approve the fiscal 2014 pre-authorization of \$9,456,000 in general obligation bonds for the Rural Legacy Program.
13. Add \$2,261,000 to the fiscal 2015 general obligation bond pre-authorization for Program Open Space – Local, and approve the fiscal 2015 general obligation bond pre-authorization of \$7,900,000 for Program Open Space – State.
14. Approve the fiscal 2015 pre-authorization of \$4,867,000 in general obligation bonds for the Rural Legacy Program.

## ***Program Description***

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The mission of the Department of Natural Resources' (DNR) capital program may be summarized as the protection of the best of Maryland's open space lands, shorelines, waterways, and natural resources while providing outdoor recreation opportunities in cooperation with federal and local governments. The capital program is comprised of Program Open Space, the Rural Legacy Program, Ocean City Beach Maintenance, Waterway Improvement Program, and Community Parks and Playgrounds. The Oyster Restoration Program is a periodic addition to the capital program, and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Trust Fund receives first-time general obligation (GO) bond authorization in fiscal 2013. Descriptions of the programs follow.

- **POS – Land Acquisition and Local Program** – Title 5, Subtitle 9 of the Natural Resources Article established Program Open Space (POS) for the purpose of expediting the acquisition of outdoor recreation and open space areas and provision of recreation facilities before land is devoted to other purposes. The POS appropriation has historically been split between the State and local government. While both State acquisitions and local grants fund projects that protect open space and provide recreation facilities, State acquisitions tend to place a greater emphasis on natural resource management. State POS funds are allocated for State land acquisition and operation. In addition, POS funds are allocated to capital improvements, critical maintenance, and dam rehabilitation, which are described as separate programs below. Local recreation and parks departments use local POS funds for acquisition, development, and planning projects. Primary funding for POS has historically been provided by the State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another. POS administers the Heritage Conservation Fund, which is used to acquire land that provides habitat for rare, threatened, and endangered species through an easement or fee simple purchase and supported by 1.8% of the annual transfer tax revenue.
- **POS – Natural Resources Development Fund** – State law allows up to 25% of the POS funds allocated to the State to be used for capital development projects and for operating expenses at State forests and parks. The Natural Resources Development Fund provides support to design and construct development projects on DNR property. Capital development projects include shower buildings, building renovations, road parking and trail improvements, and general park improvements.
- **POS – Critical Maintenance Program** – State law allows up to 25% of POS funds allocated to the State to be used for development projects and for operating expenses at State forests and parks. DNR maintains over 1,500 buildings, hundreds of miles of roadway, parking lots, and a variety of water associated facilities that serve millions of visitors annually. Critical maintenance projects include structural repairs to buildings, bridge repairs, well and septic system replacement, and road and utility repairs. According to information provided by DNR in February 2012, there is a \$29.5 million (676 projects) backlog in necessary critical maintenance projects at State forests and parks. DNR defines the backlog as those projects not funded in the five-year *Capital Improvement Program* (CIP). DNR and the Department of General Services (DGS) both manage critical maintenance projects. DNR handles

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procurement for projects that cost \$50,000 or less (the majority of projects), and DGS handles procurement for projects that cost more than \$50,000.

- **POS – Dam Rehabilitation Program** – The Dam Rehabilitation Program was initiated in fiscal 1999 to address the major repair needs at 13 of DNR’s 29 dams. The dams scheduled for repair through the program were identified by the Maryland Department of the Environment’s (MDE) Dam Safety Division as needing immediate repairs. The work included conducting assessments; developing emergency warning plans; and repairing spillways, sluice gates, and access roads. Final funding for the program was provided in fiscal 2012. Future funding will be funded through the Critical Maintenance Program.
- **Rural Legacy Program** – The purpose of the Rural Legacy Program is to protect agricultural and natural resources land from sprawl development and thus to promote resource-based economies and to develop greenbelts. Program funds are used to purchase conservation easements on land based on Rural Legacy areas approved by the Rural Legacy Board (composed of the Secretaries of DNR, the Maryland Department of Planning (MDP), and the Maryland Department of Agriculture). Under § 5-9A-09 of the Natural Resources Article, the Governor is required to include at least \$5.0 million in the annual capital budget for the Rural Legacy Program separate and apart from what the program is allocated through the transfer tax formula.
- **Ocean City Beach Maintenance** – The Ocean City Beach Maintenance Fund was established to fund annual maintenance for the Ocean City beach replenishment project. When the fund was established, the State entered into a funding agreement with Worcester County and Ocean City. The funding agreement stipulates that the following amounts be provided annually: not less than \$1.0 million from the State and not less than \$500,000 each from the county and the city. Periodic nourishment is deemed the most cost-effective method of maintaining the beach over a 50-year period. Transfer tax revenue within POS is used to fund the State’s contribution to this effort. Upon reaching a \$15.0 million cap in the fund, no funding is required to be provided by the State or local governments. Replenishment of the Ocean City beach is usually done on a four-year cycle. The last major replenishment was completed in December 2010 – approximately 1,000,000 cubic yards of sand was placed on the beach. The next periodic nourishment project would be in 2015. The U.S. Army Corps of Engineers is responsible for developing estimates, plans, and managing construction contracts for the periodic nourishment efforts. Annual maintenance items, such as grass planting and fence repairs are also the responsibility of the State (50%), Ocean City (25%), and Worcester County (25%). These costs have averaged approximately \$500,000 annually.
- **Waterway Improvement Program** – The Waterway Improvement Fund finances projects to expand and improve public boating access throughout the State. The 5.0% excise tax paid on the sale of motorized vessels within the State supports the fund. Funding is provided in the form of grants and/or long-term, interest-free loans to local governments, DNR, and some federal government agencies, as follows: (1) grants (100%) not to exceed \$5,000; (2) grants (100%) less than \$100,000; (3) public navigation improvement grants (100.0%) of unlimited

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amounts; (4) matching grants (50.0%) that are equal to or exceed \$100,000; and (5) interest free loans (100.0%) with a 25-year maximum.

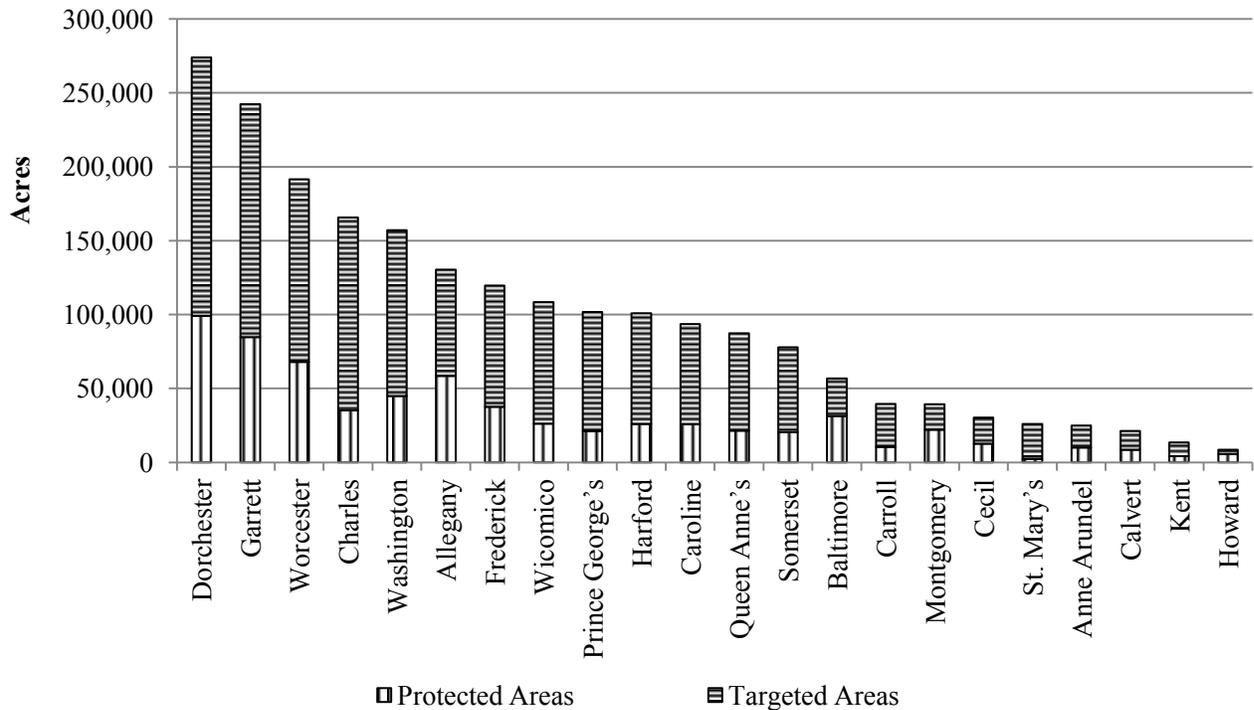
- **Community Parks and Playgrounds** – Chapters 247 and 248 of 2008 codified and amended the existing Community Parks and Playgrounds Program within DNR. The program had been administered as an uncodified grant program for counties and municipalities by POS since fiscal 2002. The program provides flexible grants to municipalities and Baltimore City – counties are no longer eligible – to do the following: (1) rehabilitate, expand, improve, or maintain existing parks; (2) purchase land to create new parks; (3) develop new parks; (4) purchase and install playground equipment in urban neighborhoods and rural areas throughout the State; or (5) be used for environmentally oriented parks and recreation projects. While land acquisition costs are considered, highest priority is given to capital costs associated with park and playground development and improvement.
- **Oyster Restoration Program** – The Oyster Restoration Program provides funding to construct and rehabilitate oyster bar habitat and provide for aquaculture infrastructure improvements. Funding is guided by Maryland’s oyster plan, which includes goals to rehabilitate oyster bar habitat identified in a best oyster bar survey conducted in fall 2009 and to shift commercial oyster production to aquaculture. Based on a U.S. National Oceanic and Atmospheric Administration oyster workgroup, the program has adopted the following restoration goals: (1) 50 to 100% of currently restorable oyster habitat at the tributary level; and (2) a mean density of 50 oysters per square meter and 50 grams dry weight per square meter, containing at least two year classes, and covering at least 30% of the reef area at the reef level.
- **Chesapeake and Atlantic Coastal Bays 2010 Trust Fund** – The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund was established by Chapter 6 of the 2007 special session to be used to implement the State’s tributary strategy. The fund is financed with a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals. Subsequently, Chapters 120 and 121 of 2008 established a framework for how the trust fund money must be spent by specifying that it be used for nonpoint source pollution control projects and by expanding it to apply to the Atlantic Coastal Bays. Structural stormwater practices have been funded by the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund previously, but this is the first time the program has received GO bond funding. The funding will be administered by DNR’s Watershed Services staff while MDE will do the permitting. Tracking of project implementation will occur through BayStat and the annual report provided for the program.

## Program Performance Measures and Outputs

Maryland distinguishes between targeted ecological areas and high priority conservation areas. Targeted Ecological Areas have the highest ranking for green infrastructure, species diversity, and water quality. High priority conservation areas are areas where targeted ecological areas meet other protected lands. All of this information is summarized in GreenPrint, the online geographic information system tracking program for preserved land and targeted ecological areas.

Maryland’s targeted ecological areas total 2,117,008 acres. To date, 677,974 acres have been protected, leaving 1,439,034 acres still to be protected. As shown in **Exhibit 1**, Dorchester, Garrett, and Worcester counties are the top three counties in terms of targeted ecological area. However, these three counties are also three of the largest in the State and, thus, would be expected to have a greater targeted ecological area than smaller counties.

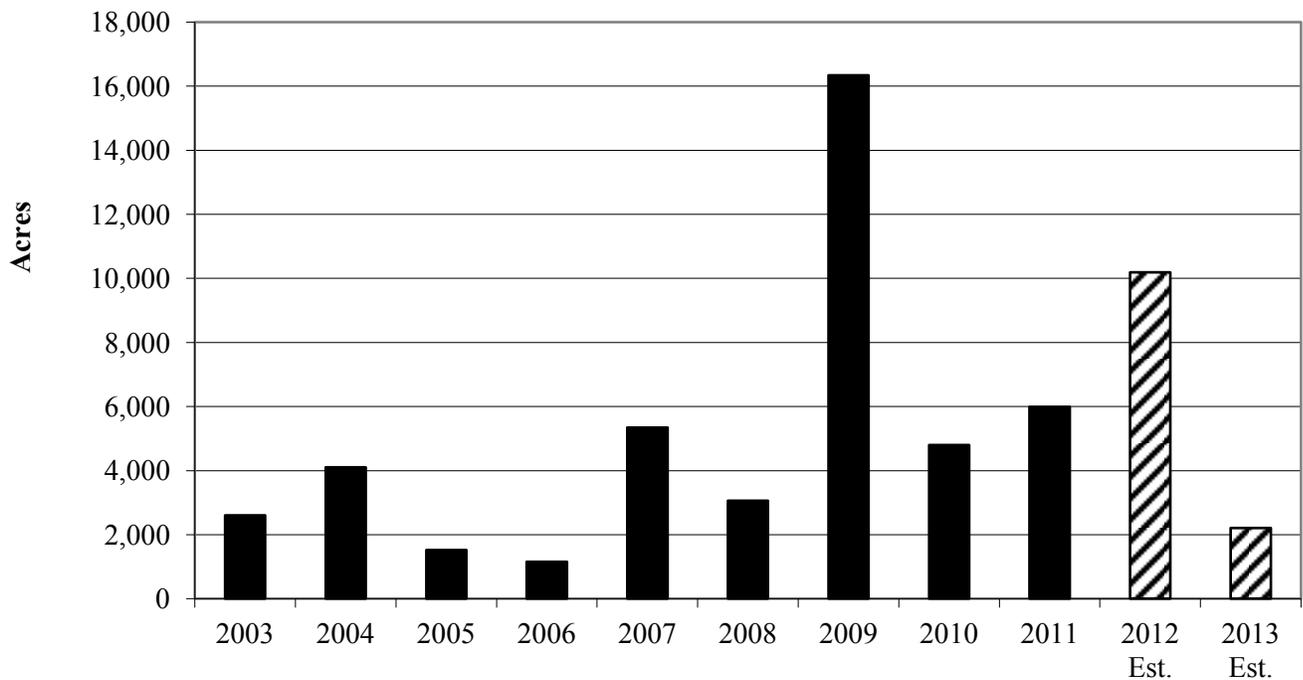
**Exhibit 1**  
**Protected and Targeted Ecological Areas**  
 February 2012



Source: Department of Natural Resources

As illustrated in **Exhibit 2**, there is a substantial increase in the POS acquisition acres estimated to be approved by the Board of Public Works (BPW) in fiscal 2012. Fiscal 2012 acreage includes the first ever donation of a perpetual conservation easement to DNR. The 950-acre Point Pleasant Farm donation was approved at the December 21, 2011 BPW meeting. In addition, fiscal 2012 easements reflect an increase in the use of POS Acquisition Opportunity Loan of 2009 funding for Conservation Reserve Enhancement Program easement acquisitions. The fiscal 2009 acreage approved reflects two large property purchases: the Maryland Province properties (4,474 acres) and the Smith Foster Furnace property (4,769 acres).

**Exhibit 2**  
**POS Acquisition Acres Approved by the Board of Public Works**  
**Fiscal 2003-2013**

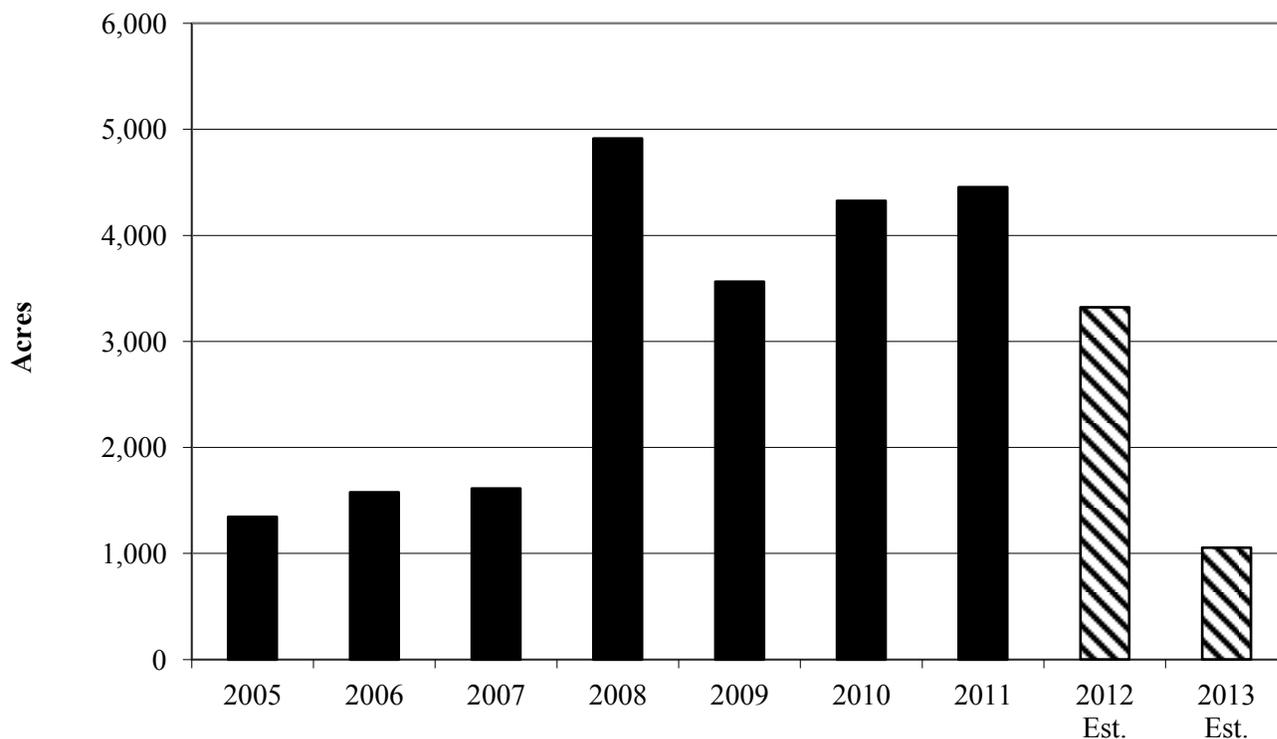


POS: Program Open Space

Source: Governor's Budget Books, Fiscal 2006-2013

**Exhibit 3** shows that the number of approved Rural Legacy Program easement and fee simple acres is projected to decrease in fiscal 2012 and 2013, relative to the average annual acres protected achieved between fiscal 2008 through 2011. This reduction correlates with a decline in funding and available fund balance.

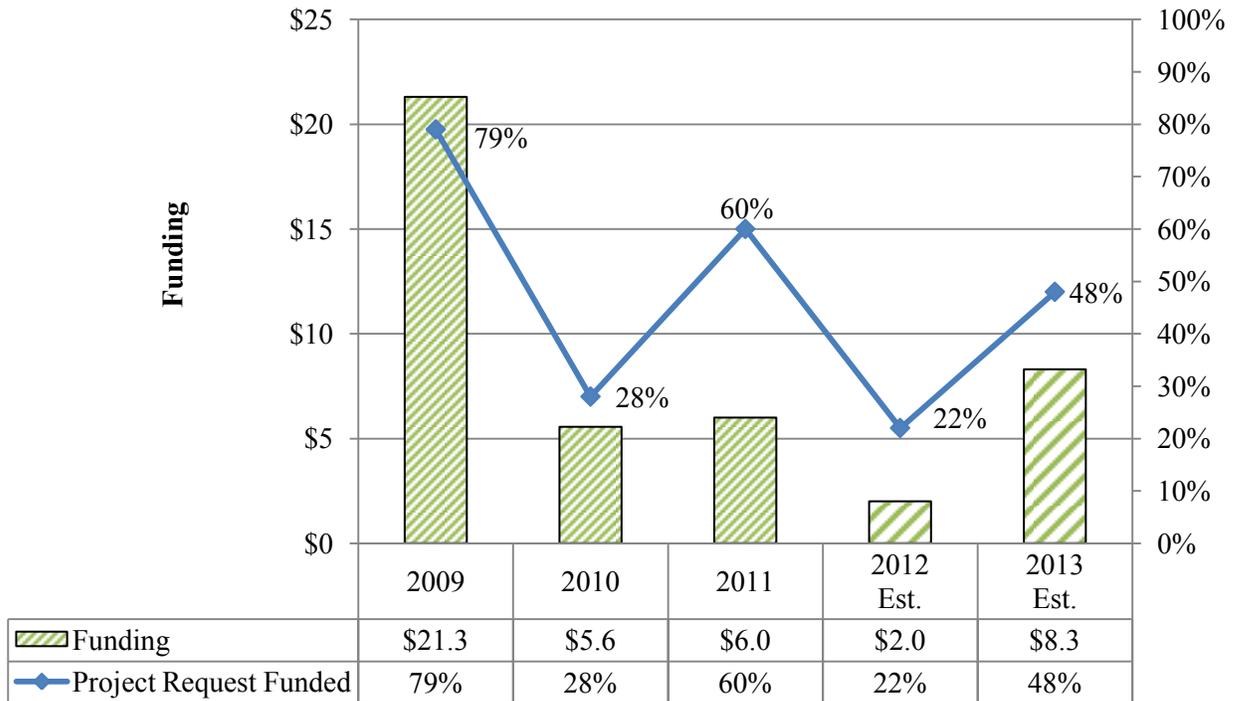
**Exhibit 3**  
**Rural Legacy Easement and Fee Simple Acres**  
**Approved by the Board of Public Works**  
**Fiscal 2005-2013**



Source: Governor’s Budget Books, Fiscal 2007-2013

As illustrated in **Exhibit 4**, the fiscal 2013 allowance will allow the Waterway Improvement Program to fund an estimated 48% of the number of waterway project requests submitted. This reflects a substantial increase from the 22% of project requests funded in fiscal 2012. The increased funding provided in fiscal 2013, explains all of the changes between the two years. DNR has noted in the past that it has informed local jurisdictions to limit grant requests to those of the highest priority, which helps to explain the high percentage of project requests funded in fiscal 2011. DNR’s goal is to fund 80% of project requests; therefore, the fiscal 2013 allowance is 32 percentage points lower than the goal.

**Exhibit 4  
Waterway Project Requests Funded  
Fiscal 2009-2013  
(\$ in Millions)**



Source: Department of Budget and Management

**Grant and Loan Capital Improvement Program  
(\$ in Millions)**

<i>Description</i>	<i>2011 Approp.</i>	<i>2012 Approp.</i>	<i>2013 Request</i>	<i>2013 Request Adjusted</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>
PAYGO SF	\$3.566	\$2.910	\$52.018	\$2.768	\$94.750	\$112.900	\$124.100	\$130.550
PAYGO FF	15.362	3.500	3.600	3.600	3.600	4.000	3.600	3.600
GO Bonds	118.150	52.696	149.983	149.983	65.134	56.405	10.000	10.500
<b>Total</b>	<b>\$137.078</b>	<b>\$59.106</b>	<b>\$205.601</b>	<b>\$156.351</b>	<b>\$163.484</b>	<b>\$173.305</b>	<b>\$137.700</b>	<b>\$144.650</b>

Note: The fiscal 2011 appropriation reflects \$80.8 million in prior year funding replaced with general obligation (GO) bonds. The fiscal 2012 appropriation reflects \$31.6 million in prior year funding replaced with GO bonds. The fiscal 2013 allowance includes the \$49.2 million in transfer tax special funds that are reduced contingent upon the Budget Reconciliation and Financing Act of 2012 and the \$67.0 million in prior year funding replaced with GO bonds. The fiscal 2013 request adjusted reflects the contingent reduction of \$49.2 million in special funds. The fiscal 2014 estimate includes \$40.1 million in GO bond pre-authorizations for Program Open Space (POS) – State, POS – Local, and the Rural Legacy Program. The fiscal 2015 estimate includes \$21.4 million in GO bond pre-authorizations for POS – State, POS – Local, and the Rural Legacy Program.

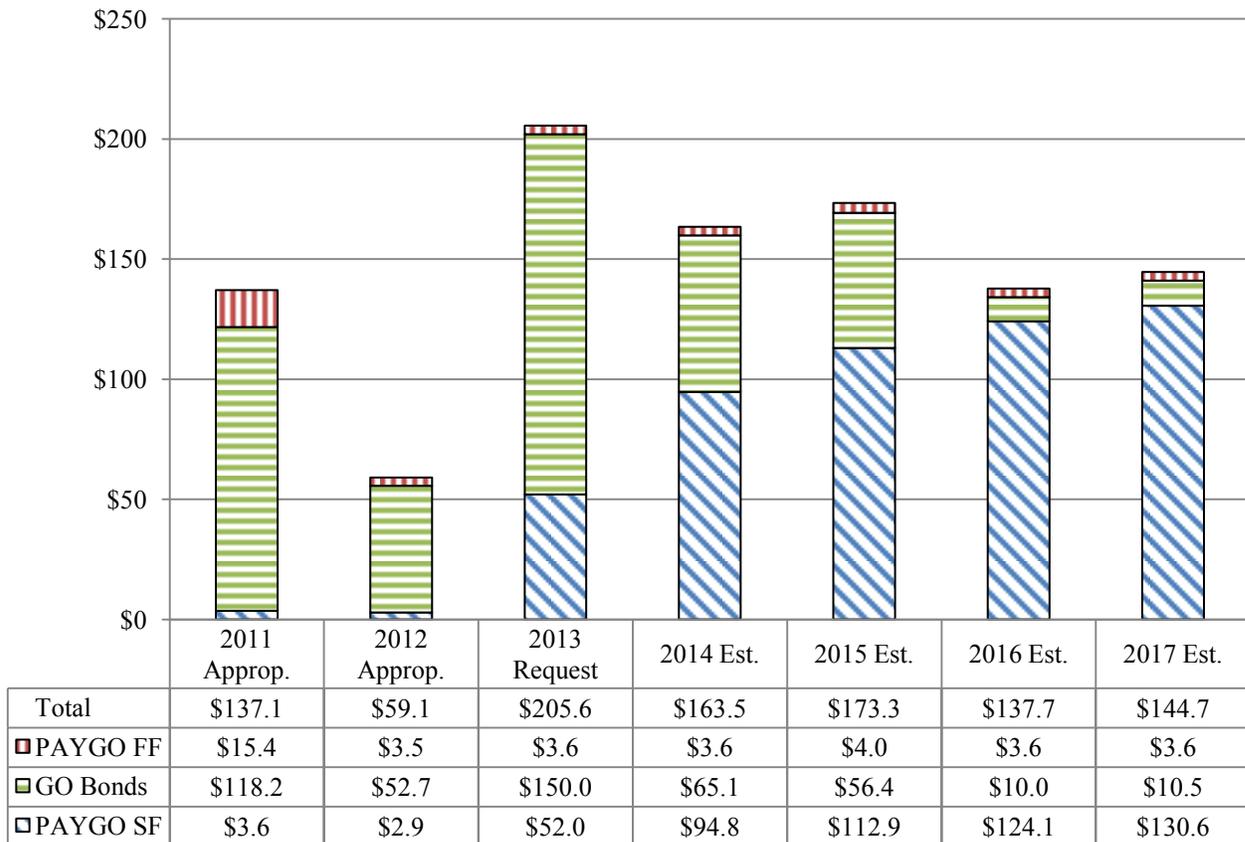
<i>Program</i>	<i>2011 Approp.</i>	<i>2012 Approp.</i>	<i>2013 Request</i>	<i>2013 Request Adjusted</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>
Program Open Space								
Land Acquisition and Local Program	\$77.779	\$32.959	\$103.869	\$75.579	\$96.478	\$95.638	\$87.750	\$92.800
Natural Resources Development Fund	13.392	3.450	15.035	10.874	9.500	11.100	12.800	13.750
Critical Maintenance	6.586	3.380	12.394	8.394	4.000	4.000	4.000	4.000
Dam Rehabilitation	0.150	1.045	0.000	0.000	0.000	0.000	0.000	0.000
Rural Legacy Program	16.954	4.515	27.688	14.889	29.906	26.567	22.550	23.000
Ocean City Beach Maintenance	7.459	2.000	0.000	0.000	0.000	2.000	2.000	2.000
Waterway Improvement Program	12.258	8.257	8.299	8.299	3.600	4.000	3.600	3.600
Community Parks and Playgrounds	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Oyster Restoration Program	0.000	1.000	8.060	8.060	2.500	2.500	2.500	3.000
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	0.000	0.000	27.756	27.756	15.000	25.000	0.000	0.000
<b>Total</b>	<b>\$137.078</b>	<b>\$59.106</b>	<b>\$205.601</b>	<b>\$156.351</b>	<b>\$163.484</b>	<b>\$173.305</b>	<b>\$137.700</b>	<b>\$144.650</b>

Note: The fiscal 2013 allowance adjusted column reflects the contingent reduction of \$49.2 million in transfer tax special funds for the Program Open Space – Land Acquisition and Local Program (\$28.3 million), Natural Resources Development Fund (\$4.2 million), Critical Maintenance Program (\$4.0 million), and Rural Legacy Program (\$12.8 million).

## Budget Overview

In the Governor’s budget, DNR’s fiscal 2013 capital program, as introduced, includes \$52.0 million in special funds, \$3.6 million in federal funds, and \$150.0 million in GO bonds. The overall change between fiscal 2012 and 2013 is an increase of \$146.5 million as shown in **Exhibit 5**.

**Exhibit 5**  
**DNR Capital Programs Funding**  
**Fiscal 2011-2017**  
**(\$ in Millions)**



DNR: Department of Natural Resources

Source: Governor’s Capital Budget, Fiscal 2013; Department of Budget and Management Capital Budget Worksheets

However, there are several distortions in the change between fiscal 2012 and 2013: replacement of prior year funds transferred to the general fund, special fund reductions contingent on the transfer of the funds to the general fund, and a phased in GO bond replacement of the transferred funds.

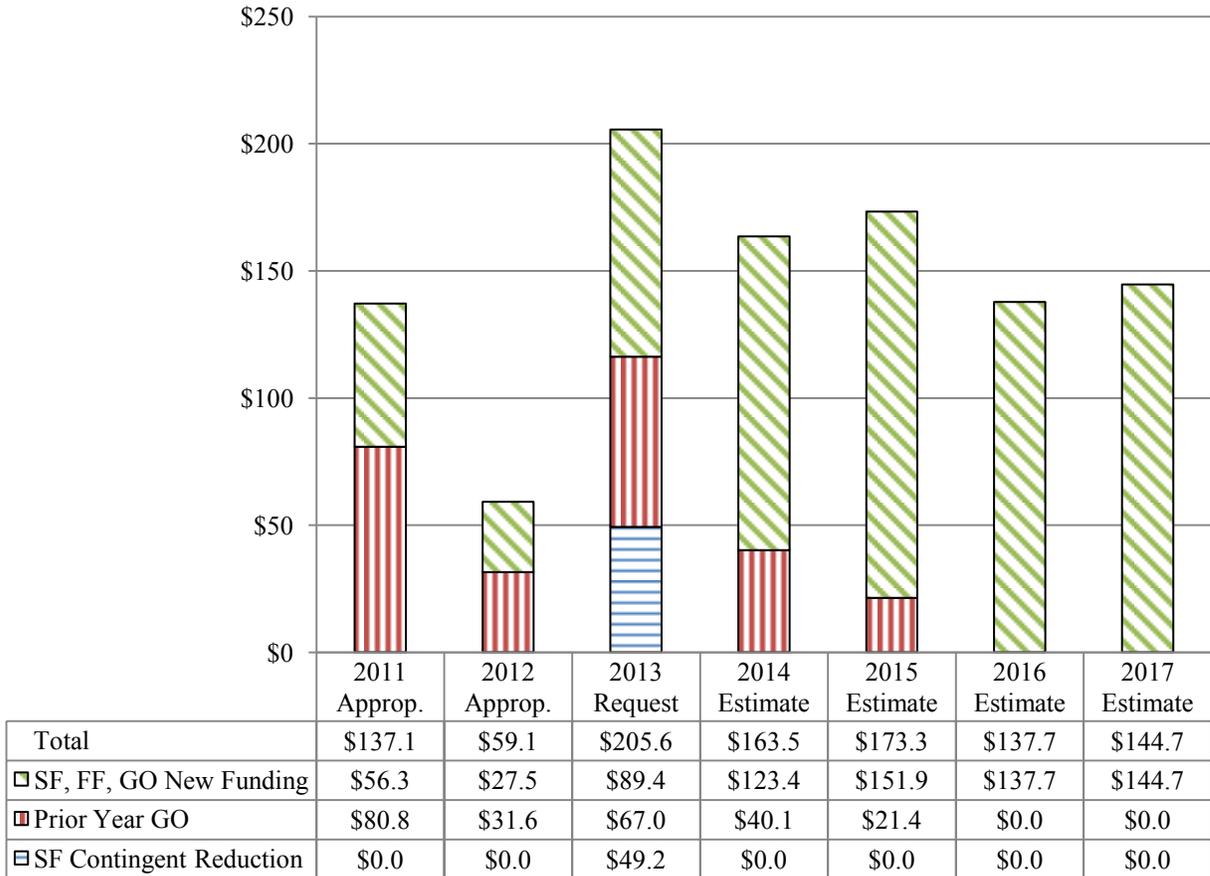
## **Contingent Reductions and Multi-year GO Bond Replacement**

The fiscal 2013 allowance reflects three interrelated calculations and actions as follows.

- **Prior Year Transfers Replaced with GO Bonds** – The fiscal 2013 allowance includes \$67.0 million in GO bonds for replacement of prior year transfer taxes transferred to the general fund. This includes funding for POS – State (\$12,792,000), POS – Local (\$46,587,000), POS – Natural Resources Development Fund (\$1,900,000), POS – Critical Maintenance (\$81,000), and Rural Legacy Program (\$5,622,000).
- **Fiscal 2013 Transfer Tax Revenue Diverted to General Fund** – The BRFA of 2012 diverts to the general fund \$83.2 million in special funds attributable to the following:
  - \$49,249,882 in fiscal 2013 transfer tax revenues including POS – State share (\$14,724,961), POS – Local share (\$13,564,816), POS Capital Improvements (\$8,161,061), and Rural Legacy Program (\$12,799,044);
  - \$31,367,509 in unallocated revenues from fiscal 2013 that partially replaces a transfer of fiscal 2011 revenues that was not completed due to revenue projections that were lower than anticipated; and
  - \$2,611,000 in fiscal 2013 Waterway Improvement Fund revenues.
- **Three-year Replacement Plan for Fiscal 2013 Revenue Diverted** – The Governor has proposed a multi-year replacement plan for the \$83.2 million in transfer tax revenue diverted to the general fund. POS Capital Improvements and Waterway Improvement Fund revenues are replaced entirely in fiscal 2013. The POS – State share, POS – Local share, and Rural Legacy Program funding are replaced over fiscal 2013 through 2015.

**Exhibit 6** reflects the new funding proposed in the fiscal 2013 budget – comprised of special funds, federal funds, GO bonds – relative to the special fund contingent reduction and prior year GO bond replacement funding.

**Exhibit 6  
DNR Capital Programs Funding by Budget Action  
Fiscal 2011-2017  
(\$ in Millions)**



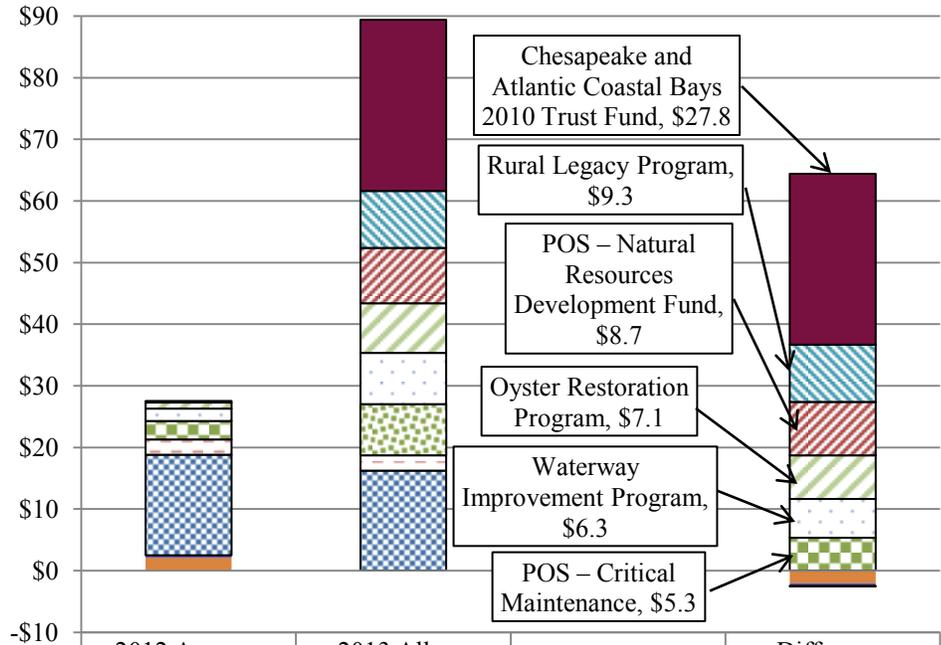
DNR: Department of Natural Resources  
 FF: federal funds  
 GO: general obligation  
 SF: special funds

Source: Department of Legislative Services

**Program Highlights**

The changes in new funding for the fiscal 2013 budget are reflected in **Exhibit 7**.

**Exhibit 7  
DNR Capital New Funding Changes  
Fiscal 2012-2013  
(\$ in Millions)**



	2012 Approp.	2013 Allow.		Difference
Total	\$27.5	\$89.4		\$61.8
■ Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	\$0.0	\$27.8		\$27.8
▣ Rural Legacy Program	\$0.0	\$9.3		\$9.3
▣ POS – Natural Resources Development Fund	\$0.3	\$9.0		\$8.7
▣ Oyster Restoration Program	\$1.0	\$8.1		\$7.1
▣ Waterway Improvement Program	\$2.0	\$8.3		\$6.3
▣ POS – Critical Maintenance	\$3.0	\$8.3		\$5.3
▣ Community Parks and Playgrounds	\$2.5	\$2.5		\$0.0
▣ POS – Land Acquisition and Local Program	\$16.3	\$16.2		-\$0.1
■ POS – Dam Rehabilitation	\$0.5	\$0.0		-\$0.5
■ Ocean City Beach Maintenance	\$2.0	\$0.0		-\$2.0

Note: The exhibit does not include either prior year replacement bond funding or the special funds that are contingently reduced.

DNR: Department of Natural Resources

Source: Department of Legislative Services

The highlighted changes in new funding are as follows.

- **Chesapeake and Atlantic Coastal Bays 2010 Trust Fund** – The fiscal 2013 allowance includes \$27.8 million in GO bond authorization for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. This reflects new authorization that was not reflected in the 2011 CIP. The new funding would be used for 63 urban and suburban stormwater management practices and stream and wetland restoration projects consistent with the State’s Watershed Implementation Plan (WIP). In the five-year planning period, the fund is programmed to receive \$15.0 million in fiscal 2014 and \$25.0 million in fiscal 2016. DNR indicates that the \$67.8 million total for the three fiscal years begins to address the over \$100.0 million requested in the response to a request for proposals.
- **Rural Legacy Program** – The Rural Legacy Program’s fiscal 2013 allowance provides \$9.3 million in new funding, which is comprised of the \$5.0 million mandated amount and \$4.267 million in fiscal 2013 replacement funding. Since no new funding was provided in fiscal 2012, there is a \$9.3 million increase in new funding for the program to make conservation easement purchases in Rural Legacy areas.
- **POS – Natural Resources Development Fund** – The POS – Natural Resources Development Fund appropriation includes an \$8.7 million increase in new funding for development projects on DNR property relative to fiscal 2012. The fiscal 2013 funding is comprised of \$4.2 million of fiscal 2013 replacement funding and \$4.8 million in enhancement funding. The fiscal 2013 appropriation would provide funding for projects such as the Harriet Tubman Underground Railroad State Park (\$2.7 million), North Point State Park – Pier Replacement and Shore Erosion Control (\$1.9 million), Sandy Point State Park – Green Infrastructure Improvements (\$1.7 million), and State Parks – New Natural Playgrounds (\$1.4 million).
- **Oyster Restoration Program** – The fiscal 2013 allowance includes an increase of \$7.1 million in new GO bond funding to rehabilitate oyster bar habitat in the Chesapeake Bay and its tributaries and to provide grants for aquaculture development projects. The fiscal 2012 funding was \$1.0 million and the fiscal 2013 allowance is \$8.1 million. The amount has increased since the 2011 CIP, which reflected \$2.5 million for fiscal 2013. The 2012 CIP reflects \$2.5 million in authorization for fiscal 2014 through 2016 before an increase to \$3.0 million in fiscal 2017. The Oyster Restoration Program is discussed further as an issue in this analysis.
- **Waterway Improvement Program** – The Waterway Improvement Program’s fiscal 2013 allowance provides \$6.3 million in new funding for projects to expand and improve recreational boating throughout Maryland. This is comprised of \$2.6 million of fiscal 2013 replacement funding and \$4.8 million in enhancement funding. The major deviation from the 2011 CIP and between the fiscal 2012 and 2013 authorization levels is the inclusion of the \$4.8 million in GO bond authorization enhancement funding.
- **POS – Critical Maintenance Program** – There is a \$5.3 million increase in new funding for POS – Critical Maintenance Program in the fiscal 2013 allowance. This reflects a fiscal 2013 appropriation of \$8.3 million comprised of \$4.0 million in fiscal 2013 replacement funding

and \$4.3 million in enhancement funding. The fiscal 2013 appropriation would provide for Assateague State Park – Bathhouse #1, 2, 3, 4, and 5 Renovations (\$2.1 million), Rocky Gap State Park – Office Renovations (\$773,000), State Parks – Removal of Impermeable Surfaces (\$540,000), Point Lookout State Park – Renovate Bathhouses Phase II (\$500,000), and Herrington Manor State Park – Cabin Renovations (\$500,000).

## **Funding for Land Acquisition and Easement Programs Should Be Deferred in Favor of Other Environmental Program Infrastructure Priorities**

The continued use of GO bond funds as a source of replacement funds for transfer tax revenues diverted to the general fund complicates the State's ability to address other pressing infrastructure needs, including a number of environmental program infrastructure needs related to the WIP for Chesapeake Bay restoration. These needs among others include:

- **Bay Restoration Fund Shortfall** – There is an approximately \$380.0 million shortfall projected. Even with a proposed doubling of the bay restoration fee, there is still estimated to be a \$76.9 million shortfall that is programmed in the 2012 CIP to be funded with GO bond authorizations between fiscal 2014 and 2017. This funding need could be partially defrayed by a GO bond authorization in fiscal 2013.
- **Stormwater Retrofits** – Both local governments and the State Highway Administration (SHA) are projected to have substantial financial burdens related to stormwater retrofit costs. The revised Phase II WIP reflects SHA costs of \$467.0 million for calendar 2010 through 2017 and \$1.03 billion for calendar 2018 through 2025, or a total cost of \$1.5 billion. For local governments, the costs are estimated to be \$3.4 billion for calendar 2010 through 2017 and \$2.7 billion for calendar 2018 through 2025, or a total cost of \$6.1 billion. There is \$27.8 million in GO bond authorization in the fiscal 2013 capital budget for stormwater retrofits that were solicited as part of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund request for proposals. Additional GO bond authorizations could be added to this amount to fund stormwater retrofit projects on the request for proposals list.

Rather than fully funding the programs that support land acquisition and easement purchases based on the current GO bond replacement schedule, the State could reprogram a portion of the fiscal 2013 funding for these programs to proactively begin the process of addressing other environmental infrastructure needs.

**Exhibit 8** illustrates the GO bond funding for the State's land acquisition and easement programs. Since traditionally these programs are funded with special funds derived from the transfer tax and not GO bonds, this illustrates the amount of authorized and programmed GO bond replacement. Note that because the replacement plan is based on a multi-year schedule, the impact of this policy is reflected in future budgets by way of pre-authorizations included in the 2012 session capital budget bill. **DLS recommends that the GO bond replacement for fiscal 2013 transfer tax revenues, as well as the \$5.0 million of additional authorizations for the Rural Legacy Program**

**Exhibit 8**  
**DNR and MDA Capital Funding Transfers and Replacement**  
**Before Fiscal 2011 to 2015**  
**(\$ in Millions)**

<u>Program</u>	<u>Time Period</u>	<u>Amount</u>	<u>GO Bonds</u> <u>2011</u>	<u>GO Bonds</u> <u>2012</u>	<u>GO Bonds</u> <u>2013</u>	<u>GO Bonds</u> <u>2014</u>	<u>GO Bonds</u> <u>2015</u>	<u>Total</u>
<b>Transfer Tax Transfers</b>					<b>Replacement</b>			
POS – State	Prior Transfers	\$4.567	\$2.967	\$0.000	\$1.600	\$0.000	\$0.000	\$4.567
	2011 Transfers	13.082	8.075	0.000	1.393	2.992	0.622	13.082
	2012 Transfers	21.579	0.000	\$4.823	7.193	7.193	2.370	21.579
	2010 Overattainment	2.606	0.000	0.000	2.606	0.000	0.000	2.606
	2013 Transfers	14.724	0.000	0.000	4.908	4.908	4.908	14.724
<b>Subtotal</b>		<b>\$56.558</b>	<b>\$11.042</b>	<b>\$4.823</b>	<b>\$17.700</b>	<b>\$15.093</b>	<b>\$7.900</b>	<b>\$56.558</b>
POS – Local	Prior Transfers	\$103.113	\$41.789	\$16.689	\$36.401	\$4.117	\$4.117	\$103.113
	2011 Transfers	12.352	12.352	0.000	0.000	0.000	0.000	12.352
	2012 Transfers	20.841	0.000	6.947	6.947	6.947	0.000	20.841
	2010 Overattainment	3.239	0.000	0.000	3.239	0.000	0.000	3.239
	2013 Transfers	13.564	0.000	0.000	4.522	4.521	4.521	13.564
<b>Subtotal</b>		<b>\$153.109</b>	<b>\$54.141</b>	<b>\$23.636</b>	<b>\$51.109</b>	<b>\$15.585</b>	<b>\$8.638</b>	<b>\$153.109</b>
Rural Legacy (Transfer Tax)	Prior Transfers	\$10.635	\$10.635	\$0.000	\$0.000	\$0.000	\$0.000	\$10.635
	2011 Transfers	12.637	6.318	4.515	0.602	0.601	0.601	12.637
	2012 Transfers	13.767	0.000	0.000	4.589	4.589	0.000	9.178
	2010 Overattainment	0.431	0.000	0.000	0.431	0.000	0.000	0.431
	2013 Transfers	12.799	0.000	0.000	4.267	4.266	4.266	12.799
<b>Subtotal</b>		<b>\$50.269</b>	<b>\$16.953</b>	<b>\$4.515</b>	<b>\$9.889</b>	<b>\$9.456</b>	<b>\$4.867</b>	<b>\$45.680</b>
MALPF	Prior Transfers	\$10.000	\$10.000	\$0.000	\$0.000	\$0.000	\$0.000	\$10.000
	2011 Transfers	11.814	7.814	0.000	0.000	0.000	0.000	7.814
	2012 Transfers	19.555	0.000	4.367	7.236	7.235	0.717	19.555
	2010 Overattainment	1.470	0.000	0.000	1.470	0.000	0.000	1.470
	2013 Transfers	16.253	0.000	0.000	5.418	5.418	5.417	16.253
<b>Subtotal</b>		<b>\$59.092</b>	<b>\$17.814</b>	<b>\$4.367</b>	<b>\$14.124</b>	<b>\$12.653</b>	<b>\$6.134</b>	<b>\$55.092</b>

<u>Program</u>	<u>Time Period</u>	<u>Amount</u>	<u>GO Bonds 2011</u>	<u>GO Bonds 2012</u>	<u>GO Bonds 2013</u>	<u>GO Bonds 2014</u>	<u>GO Bonds 2015</u>	<u>Total</u>
<b>Transfer Tax Transfers</b>			<b>Replacement</b>					
<b>Total Transfer Tax Transfer/Replacement</b>		<b>\$319.028</b>	<b>\$99.950</b>	<b>\$37.341</b>	<b>\$92.822</b>	<b>\$52.787</b>	<b>\$27.539</b>	<b>\$310.439</b>
<b>Non-transfer Tax Funding</b>			<b>Fiscal 2013 Funding Only</b>					
Rural Legacy (GO Bond)	2013 Funding	\$5.000	n/a	n/a	\$5.000	n/a	n/a	\$5.000
<b>Subtotal</b>		<b>\$5.000</b>	<b>n/a</b>	<b>n/a</b>	<b>\$5.000</b>	<b>n/a</b>	<b>n/a</b>	<b>\$5.000</b>
Tobacco Transition	2013 Funding	\$1.894	n/a	n/a	\$1.894	n/a	n/a	\$1.894
<b>Subtotal</b>		<b>\$1.894</b>	<b>n/a</b>	<b>n/a</b>	<b>\$1.894</b>	<b>n/a</b>	<b>n/a</b>	<b>\$1.894</b>
Waterway Improvement	2013 Transfers	\$2.611	n/a	n/a	\$2.611	n/a	n/a	\$2.611
	2013 Funding	4.820	n/a	n/a	4.820	n/a	n/a	4.820
<b>Subtotal</b>		<b>\$7.431</b>	<b>n/a</b>	<b>n/a</b>	<b>\$7.431</b>	<b>n/a</b>	<b>n/a</b>	<b>\$7.431</b>
<b>Total Non-transfer Tax</b>		<b>\$14.325</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$14.325</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$14.325</b>
<b>Grant Total Funding</b>			<b>\$99.950</b>	<b>\$37.341</b>	<b>\$107.147</b>	<b>\$52.787</b>	<b>\$27.539</b>	<b>\$324.764</b>

DNR: Department of Natural Resources  
 GO: general obligation  
 MALPF: Maryland Agricultural Land Preservation Foundation  
 MDA: Maryland Department of Agriculture  
 POS: Program Open Space

Note: The General Assembly reduced the fiscal 2012 general obligation (GO) bond amount for Rural Legacy by \$4.589 million and the fiscal 2011 GO bond amount for the Maryland Agricultural Land Preservation Foundation by \$4.0 million, which accounts for the \$8.589 million difference in the amount transferred and the amount replaced. The Tobacco Transition Program funding transferred in fiscal 2013 reflects Cigarette Restitution Funds that are used to defray Medicaid costs. The Rural Legacy Program fiscal 2013 statutory amount reflects the required inclusion of \$5.0 million by Natural Resources Article § 5-9A-09. For fiscal 2011, 2012, 2014, and 2015, “n/a” is reflected for the Rural Legacy Program mandated funding, Tobacco Transition Program, and Waterway Improvement Program since no prior year or out-year funding is provided for in the Governor’s allowance.

Source: Department of Legislative Services

required by Natural Resources Article § 5-9A-09, and the \$1.9 million of authorization for agricultural land preservation in the Tobacco Transition Program be redirected to other environmental program purposes in order to facilitate greater use of the State’s resources in support of infrastructure development and enhancement. DLS also recommends that only the POS – Local reprogrammed funds be repaid, \$2,261,000 for each of fiscal 2014 and 2015 since further replacement would further burden future years’ budgets.

Exhibit 9 reflects DLS’ recommendation, which would still leave \$81.1 million of fiscal 2013 GO bond funding for the programs traditionally earmarked for land acquisition and easement purchases. However, the majority of this funding, \$46.6 million, replaces prior year POS – Local funding transferred to the general fund. This \$46.6 million will be used to support a variety of initiatives, including the development of recreational facilities by local recreation and parks departments. Any decision on the pre-authorizations already included in the 2012 capital budget bill that reflect a portion of the multi-year replacement plan can be taken up in the 2013 and 2014 sessions when these funds would be considered for authorization.

**Exhibit 9**  
**Allowance and DLS Recommendation for Land Acquisition/Easement Program**  
**GO Bond Funding**  
**Fiscal 2013**  
**(\$ in Millions)**

<u>Program</u>	<u>Time Period</u>	<u>Allowance 2013</u>	<u>DLS 2013</u>	<u>Difference</u>
POS – State	Prior Transfers	\$1.600	\$1.600	\$0.000
	2011 Transfers	1.393	1.393	0.000
	2012 Transfers	7.193	7.193	0.000
	2010 Overattainment	2.606	2.606	0.000
	2013 Transfers	4.908	0.000	-4.908
<b>Subtotal</b>		<b>\$17.700</b>	<b>\$12.792</b>	<b>-\$4.908</b>
POS – Local	Prior Transfers	\$36.401	\$36.401	\$0.000
	2011 Transfers	0.000	0.000	0.000
	2012 Transfers	6.947	6.947	0.000
	2010 Overattainment	3.239	3.239	0.000
	2013 Transfers	4.522	0.000	-4.522
<b>Subtotal</b>		<b>\$51.109</b>	<b>\$46.587</b>	<b>-\$4.522</b>

**KA05 – Department of Natural Resources – Capital**

<u>Program</u>	<u>Time Period</u>	<u>Allowance 2013</u>	<u>DLS 2013</u>	<u>Difference</u>
Rural Legacy	2011 Transfers	\$0.602	\$0.602	\$0.000
	2012 Transfers	4.589	4.589	0.000
	2010 Overattainment	0.431	0.431	0.000
	2013 Transfers	4.267	0.000	-4.267
	2013 Statutory Amount	5.000	0.000	-5.000
<b>Subtotal</b>		<b>\$14.889</b>	<b>\$5.622</b>	<b>-\$9.267</b>
MALPF	2012 Transfers	\$7.236	\$7.236	\$0.000
	2010 Overattainment	1.470	1.470	0.000
	2013 Transfers	5.418	0.000	-5.418
<b>Subtotal</b>		<b>\$14.124</b>	<b>\$8.706</b>	<b>-\$5.418</b>
Tobacco Transition	2013 Funding	\$1.894	\$0.000	-\$1.894
<b>Subtotal</b>		<b>\$1.894</b>	<b>\$0.000</b>	<b>-\$1.894</b>
Waterway Improvement	2013 Transfers	\$2.611	\$2.611	\$0
	2013 Funding	4.820	4.820	0
<b>Subtotal</b>		<b>\$7.431</b>	<b>\$7.431</b>	<b>\$0</b>
<b>Total</b>		<b>\$107.147</b>	<b>\$81.138</b>	<b>-\$26.009</b>

DLS: Department of Legislative Services  
GO: general obligation  
MALPF: Maryland Agricultural Land Preservation Foundation  
POS: Program Open Space

Note: The Tobacco Transition Program funding transferred in fiscal 2013 reflects Cigarette Restitution Fund special funds that are used to defray Medicaid costs. The Rural Legacy Program fiscal 2013 statutory amount reflects the required inclusion of \$5.0 million by Natural Resources Article § 5-9A-09. The Waterway Improvement Program fiscal 2013 transfer reflects vessel excise tax special funds transferred to the general fund without a special fund appropriation while the \$4.8 million in fiscal 2013 funding reflects a funding enhancement. All other transfers reflect transfer tax revenues.

Source: Department of Legislative Services

Looking forward, there is some optimism that the State’s fiscal situation is improving which may allow the State to balance its annual operating budget without making use of the diversion of the transfer tax to the general fund. The Board of Revenue Estimates currently estimates transfer tax revenues of \$153 million in fiscal 2014, as shown in **Exhibit 10**. In addition, current estimates for fiscal 2012 are consistent with the amounts budgeted in which case any underattainment in fiscal 2012 that would impact the availability of fiscal 2014 revenues looks minimal. This would provide an immediate infusion of funds to the State’s land acquisition and easement programs that should warrant re-examination of the proposed level of GO bonds in fiscal 2013 in support of land acquisition and easements. Moreover, in recent years, the data shows the amount of acreage protected from development exceeds acreage developed suggesting that development pressure is low in the current economic climate. When the economy improves and development pressure increases, the State transfer tax can once again flow through the formula as intended to meet these pressures.

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**Exhibit 10**  
**Property Transfer Tax Revenue Projections**  
**Fiscal 2009-2017**  
**(\$ in Millions)**

<b>Fiscal Year</b>	<b>December 2007 Estimate</b>	<b>December 2008 Estimate</b>	<b>December 2009 Estimate</b>	<b>December 2010 Estimate</b>	<b>December 2011 Estimate</b>
2009	\$166.3	\$121.5	\$113.7		
2010	181.4	114.7	116.5		
2011	184.0	121.4	149.9	\$113.8	
2012	187.5	130.0	169.2	118.9	118.5
2013	191.5	135.4	176.2	134.0	131.3
2014	n/a	138.1	190.8	157.4	153.4
2015	n/a	n/a	201.3	174.2	179.6
2016	n/a	n/a	208.5	177.8	196.8
2017	n/a	n/a	n/a	n/a	206.7

Source: Maryland Office of the Comptroller; Department of Budget and Management

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Accordingly, DLS recommends that the fiscal 2013 replacement funding for programs funded by the transfer tax be repurposed to meet infrastructure needs already established for other environmental programs. DLS also recommends that no out-year replacement for this funding be pre-authorized at this time for all but POS – Local. Furthermore, DLS recommends that the pre-authorizations for fiscal 2014 and 2015 be provided, as proposed by the Governor, with an increase for POS – Local as further examination and discussion can be deferred until the session in which the funds would be actually authorized. DLS recommends that the transfer tax revenues and Waterway Improvement Program funding totaling \$99,481,649 be transferred to the general fund per the BRFA of 2012.

## **Summary of Funding Modifications and Pre-authorizations**

The fiscal 2013 capital budget bill includes a funding modification and several pre-authorizations, as shown in **Exhibit 11**. The one non-pre-authorization item is to amend the general obligation bond authorization of \$1.8 million for the Fort Frederick State Park – Officers Quarters project in Chapter 483 of the Acts of 2010 (the Maryland Consolidated Capital Bond Loan of 2010). The amendment applies to the Natural Resources Development Fund and would allow for the project to fund park improvements since information supporting the design of the Officers Quarters was insufficient to build an exact replica, which could endanger the National Historical Landmark status of Fort Frederick. Instead, DNR intends to use the funds for interpretation of Fort Frederick, maintenance of the existing facilities, and development of a comfort station.

**Exhibit 11  
Funding Modifications and Pre-authorizations  
Primarily Fiscal 2014-2015**

<u>Timeframe</u>	<u>Program</u>	<u>Description</u>	<u>Amount</u>	<u>DLS Recommendation</u>
n/a	Natural Resources Development Fund	Amend \$1.8 million in the fiscal 2011 authorization for the Fort Frederick State Park authorization so that it is available for park improvements instead of officers' quarters.	n/a	Approve.
Fiscal 2014	POS – State	Pre-authorize \$15,093,000 for POS – State special fund replacement.	\$15,093,000	Approve.
Fiscal 2014	POS – Local	Pre-authorize 15,585,000 for POS – Local special fund replacement.	15,585,000	Modify to add \$2,261,000 in repayment of fiscal 2013 funding.
Fiscal 2014	Rural Legacy Program	Pre-authorize \$9,456,000 for the Rural Legacy Program special fund replacement.	9,456,000	Approve.
Fiscal 2015	POS – State	Pre-authorize \$7,900,000 for POS – State special fund replacement.	7,900,000	Approve.
Fiscal 2015	POS – Local	Pre-authorize \$8,638,000 for POS – Local special fund replacement.	8,638,000	Modify to add \$2,261,000 in repayment of fiscal 2013 funding.
Fiscal 2015	Rural Legacy Program	Pre-authorize \$4,867,000 for the Rural Legacy Program special fund replacement.	4,867,000	Approve.

DLS: Department of Legislative Services

POS: Program Open Space

Source: Department of Legislative Services

**POS Repayment Schedule**

In response to the transfers of State transfer tax funding between fiscal 2002 and 2006, the Land Preservation and State Asset Protection Act (Chapter 473 of 2005) was passed. Chapter 473 required the first \$50 million repayment installment in fiscal 2012 of the \$90 million transferred in fiscal 2006 if the State's closing fiscal 2010 general fund balance exceeds a certain amount. The State's closing fiscal 2011 general fund balance exceeded the required amount; therefore, the requirement to repay the first \$50 million was triggered. While the Governor has included the \$50 million in the Dedicated Purpose Account appropriation for fiscal 2013, this amount is reduced contingent upon the enactment of the mandate relief provision in the BRFA of 2012.

**Program Open Space BRFA of 2011 Provision**

The BRFA of 2011 allowed for the Administration to allocate \$1,217,000 of the fiscal 2012 and 2013 POS State land acquisition funding for POS administration in DNR’s operating budget.

**Program Open Space Acquisition Opportunity Loan of 2009**

DNR indicates that \$22.2 million remains of its \$65.0 million portion of the \$70.0 million in GO bond authorization provided for in the POS Acquisitions Opportunity Loan of 2009. There is \$105.0 million worth of projects under consideration for use of this funding.

## ***Issues***

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### **1. Waterway Improvement Fund Shortfall**

Waterway Improvement Program funding has been hit particularly hard by the decline in vessel excise tax revenues. Currently, most of the vessel excise tax revenue is used to support operating costs leaving little funding to support capital infrastructure projects. In the 2011 *Joint Chairmen's Report* (JCR), a report was requested on the options for raising vessel excise tax revenues, the possibility of operating budget expenditure reductions, and a prioritization plan for the use of available funding for capital improvements.

DNR's submitted report noted that the annual need from the Waterway Improvement Fund is \$14.0 million for operating expenses, \$21.0 million for Waterway Improvement Fund capital projects, and \$6.0 million to dredge existing federal shallow water channels that will no longer be dredged by the U.S. Army Corps of Engineers, for a total of \$41.0 million. The annual Waterway Improvement Fund revenues are \$15.5 million, leaving an estimated shortfall of \$25.5 million relative to DNR's estimated need.

#### **Revenue Options**

Vessel excise tax revenues have dropped markedly from approximately \$29.9 million in fiscal 2006 to an estimated \$15.0 million in fiscal 2011. Total revenues to the Waterway Improvement Fund are estimated to be \$15.5 million each year for fiscal 2012 through 2017. However, DNR notes there are several options for raising additional revenues, as shown in **Exhibit 12**. The biggest additional revenue would be obtained from adopting a graduated boating registration fee.

**Exhibit 12  
Waterway Improvement Program Revenue Options**

<u>Source</u>	<u>Conditions</u>	<u>Additional Revenue</u>	<u>Total Revenue</u>
Graduate Boating Registration Fee	Increase biennial fee from \$24 to between \$12 and \$300 based on boat size. Charge vessels under 16 feet with motors of 7.5 horsepower or less.	\$7.5 million	\$9.5 million
Increase Vessel Excise Tax	Increase vessel excise tax from 5 to 6%.	\$3.1 million	\$18.6 million
Increase Vessel Title Fee	Increase title fee from \$2 to \$15.	\$0.3 million	\$0.4 million
Require Use Decals on Non-motorized Vessels	Require \$5 annual (\$10 biennial) decal for kayaks and canoes.	\$0.3 million	\$0.3 million
General Obligation Bonds or Supplemental General Funds	Provide additional State funding until revenues rebound.	Variable	Variable
Alternative Vessel Excise Tax Rates	Reduce vessel excise tax temporarily during low boat sale months to spur greater boat sales and possibly vessel excise tax revenues.	Variable	Variable

Source: Department of Natural Resources; Department of Legislative Services

In addition to the options shown in Exhibit 12, DNR evaluated revenue options laid out by the DLS, as part of the deliberations of the Task Force to Study the Boating Industry in Maryland – established by Chapter 523 of 2007. DNR found that a cruising permit for visiting boaters would be difficult to administer and enforce and would be unlikely to generate short-term revenues since boaters would be unlikely to stay in Maryland after the 90-day limit. For the 2012 session, House Bill 1307 (Natural Resources – State Boat Act – Fees and Requirements) has been introduced. House Bill 1307 would create a graduated boating registration fee and increase the vessel title fee among other actions. DNR indicates that the funding would be used for boating safety and to diversify the funding available for boating-related capital projects. Additional funds could be raised for the Waterway Improvement Program by increasing the vessel excise tax so that it is consistent with the vehicle titling tax.

## **Operating Budget Reductions**

DNR notes in the report that there are six operating budget programs that are supported by the Waterway Improvement Fund: Boating Services, Engineering and Construction, Natural Resources Police, Licensing and Registration, Maryland Park Service, and Office of the Secretary. The operating budget claims on the Waterway Improvement Fund may be seen in **Exhibit 13**, the Waterway Improvement Program fund summary. As can be seen, approximately \$14.0 million is reflected for annual operating expenditures through fiscal 2017. The largest claim for operating funding is by Boating Services at approximately \$5.8 million, followed by Engineering and Construction at \$2.4 million, Natural Resources Police at \$2.4 million, Licensing and Registration at \$2.1 million, Office of the Secretary at \$0.8 million, and Maryland State Parks at \$0.7 million. DNR states that additional major reductions in operational costs are not in the best interest of the boating public.

## **Prioritization Plan for Available Funding for Capital Improvements**

The new funding policies for fiscal 2013 identified in DNR's report are as follows:

- **Dredging and Navigation Projects** – Projects that serve public boating facilities, U.S. Army Corps of Engineers projects, and major channels are funded with 100% State grants. Matching fund grants or tax district loans are now provided to all other dredge projects, which means large community projects will no longer be eligible for 100% State grants.
- **Project Phasing** – A 50% local match is required for all projects that equal or exceed \$100,000, and projects are no longer allowed to be phased over multiple fiscal years.
- **Commercial Watermen** – A 50% matching requirement is required for projects that primarily benefit commercial watermen since 90% of Waterway Improvement Fund revenues come from recreational boaters.
- **Locals Charging Fees** – If a local jurisdiction charges a countywide fee to in-state boaters for use of public boat ramps/landings, then the jurisdiction will be limited to one \$25,000 to \$50,000 100% State grant during that fiscal year. Any projects with costs greater than \$50,000 are only eligible for a 50% matching fund grant.

In summary, revenue options have been considered, but if they are unsuccessful, there will be increasing strains on the Waterway Improvement Program to meet all of the operating and capital claims on the program. These strains could be temporarily eased with an increased allocation of GO bond authorization and for fiscal 2013, consideration to not transfer the \$2.6 million of fiscal 2013 revenue to the general fund as proposed in the BRFA and allow these funds to be used to provide still further funding enhancement to support additional infrastructure projects. **The Department of Legislative Services (DLS) recommends that DNR comment on the status of its efforts to ensure that the most critical waterway improvement projects are identified, prioritized, and funded.**

**Exhibit 13**  
**Waterway Improvement Program Fund Summary**  
**Fiscal 2011-2017**

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Appropriation</u>	<u>2013</u> <u>Estimate</u>	<u>2014</u> <u>Estimate</u>	<u>2015</u> <u>Estimate</u>	<u>2016</u> <u>Estimate</u>	<u>2017</u> <u>Estimate</u>
<b>Beginning Balance</b>	<b>\$4,076,326</b>	<b>\$1,271,588</b>	<b>\$1,359,099</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue</b>							
Waterway Fund Income	\$15,437,521	\$15,500,000	\$15,500,000	\$15,500,000	\$15,500,000	\$15,500,000	\$15,500,000
Adjustments – Reversions (Cancelled Encumbrances)	0	67,308	0	0	0	0	0
General Obligation Bonds	10,192,000	7,347,000	7,431,000	0	0	0	0
<b>Total Revenue</b>	<b>\$25,629,521</b>	<b>\$22,914,308</b>	<b>\$22,931,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>
<b>Total Available</b>	<b>\$29,705,847</b>	<b>\$24,185,896</b>	<b>\$24,290,099</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>
<b>Encumbrances</b>							
Grant Encumbrances	\$5,723,680	\$7,757,000	\$7,699,000	\$1,519,901	\$1,519,901	\$1,519,901	\$1,519,901
Grant Expenditures	5,534,320	0	0	0	0	0	0
Grant Reversions	0	0	0	0	0	0	0
Operating Expenditures	13,148,555	13,911,797	13,980,099	13,980,099	13,980,099	13,980,099	13,980,099
<b>Total Encumbrances</b>	<b>\$24,406,555</b>	<b>\$21,668,797</b>	<b>\$21,679,099</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>
<b>Transfer to General Fund</b>	<b>\$4,027,704</b>	<b>\$1,158,000</b>	<b>\$2,611,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Balances</b>	<b>\$1,271,588</b>	<b>\$1,359,099</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Note: General obligation (GO) bonds provided in fiscal 2011 and 2012 replace special funds transferred to the general fund in the Budget Reconciliation and Financing Acts of 2010 and 2011. The GO bonds provided in fiscal 2013 replace \$2.6 million in fiscal 2013 revenues and provide for a \$4.8 million enhancement.

Source: Department of Natural Resources

## 2. Plan for Oyster Restoration Program

The outcomes accomplished by previous iterations of the Oyster Restoration Program have been difficult to track and are assumed to be minimal given the decreasing numbers of oysters in the Chesapeake Bay, which now are estimated to be at between 0.3 and 1.0% of historic levels. Concerns surrounding the Oyster Restoration Program include vague goals, natural variability in bay conditions and oyster survival, U.S. Army Corps of Engineers permitting issues (oyster restoration versus navigability concerns), and lack of information about the outcomes from prior year funding. With the publishing of the Oyster Preliminary Environmental Impact Statement, the Maryland Oyster Restoration and Aquaculture Development Plan, and a recent oyster restoration metrics report by a National Oceanic and Atmospheric Administration workgroup, more data is now available to guide future State resource allocation. In addition, a new regional general permit has been approved by the U.S. Army Corps of Engineers for oyster aquaculture.

### Oyster Restoration Goals

A plan for restoring oyster populations to a certain level has emerged. The main goal is to restore 10 tributaries in Maryland's portion of the Chesapeake Bay by 2025. The goal is divided into tributary and reef levels as follows.

- **Tributary** – Restore 50 to 100% of currently restorable oyster habitat.
- **Reef** – Restore a mean density of 50 oysters per square meter and 50 grams dry weight per square meter. The restored area should contain at least two year classes and cover at least 30% of the reef target restoration area at three years post-restoration activity.

The U.S. Army Corps of Engineers has identified 10 candidate tributaries for restoration: Harris Creek, Little Choptank River, Severn River, South River, Chester River, Eastern Bay, Choptank River, Broad Creek, St. Mary's River, and Tangier Sound. DNR notes that all but Broad Creek has a sanctuary suitable for restoration. In general, the tributaries were evaluated based on the amount of hard bottom capable of supporting substrate, water quality, historic spatfall, and hydrodynamics supporting a high likelihood of larval retention.

### Fiscal 2013 Funding

For fiscal 2013, DNR proposes a two-pronged approach for the \$8,060,000 in proposed GO bond authorization as follows.

- **Oyster Bar Rehabilitation (\$7,560,000)** – DNR will focus on oyster restoration in a Harris Creek oyster sanctuary (a goal of 300 acres in total), in which work has already begun. DNR then plans to move on to Little Choptank River (a goal of 330 acres). DNR indicates that oyster bar rehabilitation methods could include an addition of hard substrate (buried or new oyster shell or more abundant granite and limestone) and then the seeding of spat on shell and possibly the aggregation of adult oysters.

- **Aquaculture Development Projects (\$500,000)** – Aquaculture development projects will continue to be financed through the Maryland Agricultural and Resource-Based Industry Development Corporation’s (MARBIDCO) Maryland Shellfish Aquaculture Financing Fund. Based on data provided by MARBIDCO in February 2012, \$1,675,724 has been approved in financing for fiscal 2011 and 2012 combined, allowing for 26 projects in 10 counties to cultivate 96,292,500 oyster plantings on 1,695 acres.

**DLS recommends that DNR submit a report on its progress toward the tributary and reef level goals for oyster habitat restoration.**

### **3. Harriet Tubman Underground Railroad State Park Operations Funding Uncertain**

The Harriet Tubman Underground Railroad State Park – Visitor Center will be the first Maryland State Park presence in Dorchester County. Project implementation has been impacted by federal funding uncertainty. In addition, there have been difficulties in obtaining support from the Department of Business and Economic Development (DBED) for leveraging local funding for long-term operations and maintenance.

Currently, the park visitor center is at the 100% construction documents phase of architectural design with exhibits anticipated to follow soon. DNR expects to bid the project for construction in summer 2012. Construction funding secured for the projected is reflected in **Exhibit 14**.

In terms of the support provided by DBED, DNR indicates that DBED is working on congressional outreach and National Historical Park designation, as well as coordination of an oral history project. DBED is using grant funding to market the Harriet Tubman Underground Railroad State Park, Harriet Tubman Underground Railroad byway, and visitor center promotional materials.

For long-term operations and maintenance funding, DNR indicates that it will work with DBED to identify people with experience in raising funding for these purposes. DNR will also seek long-term operations and maintenance assistance from the National Park Service, which operates the adjacent Blackwater National Wildlife Refuge. **DLS recommends that DNR comment on the cost of long-term operations and maintenance for the Harriet Tubman Underground Railroad State Park and how it will address this need if outside funding is not obtained.**

**Exhibit 14**  
**Federal and State Funding for Harriet Tubman Underground Railroad**  
**State Park – Visitor Center**  
**Federal and State Fiscal 2009-2013**

<u>Source</u>	<u>Timeframe (Federal or State Fiscal Year)</u>	<u>Use</u>	<u>Amount</u>
<b>Federal</b>			
U.S. National Park Service – Land and Water Conservation Fund	2009	Site development and landscaping	\$1,191,312
U.S. Department of Housing and Urban Development	2009 (\$475,000) and 2010 (\$462,500)	Exterior/landscape and utility improvements	937,500
U.S. Department of Transportation – National Scenic Byways Program	2010	Exhibits and orientation film	1,500,000
U.S. Department of Transportation – Transportation Enhancement Program	2011	Building, landscaping, and utilities	8,500,000
<b>Subtotal</b>			<b>\$12,128,812</b>
<b>State</b>			
Natural Resources Development Fund (special funds)	2008	Design the building and site improvements	\$1,600,000
Natural Resources Development Fund (general obligation bonds)	2010	Design and construct a visitor center, access roads, parking, memorial garden, picnic pavilion, informational kiosks, walking paths, on-site wastewater treatment system, and well	4,409,000
Natural Resources Development Fund (general obligation bonds)	2013	Design, construct and equip capital improvements	2,683,000
<b>Subtotal</b>			<b>\$8,692,000</b>
<b>Total</b>			<b>\$20,820,812</b>

Source: Department of Natural Resources

## *Updates*

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### **1. Marcellus Shale Drilling and Valuation for the Rural Legacy Program**

In the 2011 JCR, the budget committees expressed concern that landowners in the Bear Creek Rural Legacy Area are dissuaded from participating in the Rural Legacy easement acquisition program due to restrictions on natural gas exploration in the Marcellus Shale formation. As a result, the committees requested that DNR either (1) allow Rural Legacy Program easement applicants to be able to have natural gas extracted by horizontal drilling under the applicant's property from an adjacent property, or (2) include the value of natural gas in the mineral rights valuation for determination of the easement purchase price.

In response to the JCR intent, DNR reiterated that it will only acquire easements under the following conditions.

- **Lease Buy Out** – The landowner buys out the mineral rights lease and extinguishes it.
- **Lease Expiration** – The mineral rights lease expires and is thus extinguished.
- **Lease Amendment** – The landowner and mineral rights lessee agree to limit allowable activities to gas storage, gas transmission, and gas facilities protection.

DNR notes that landowners may pursue several avenues for dealing with subsurface mineral rights that are owned by somebody else as follows: for known subsurface mineral rights holders, owners may seek the extinguishment of the right to drill for natural gas; for unknown or partial claim subsurface rights, owners may pursue the merging of subsurface rights with surface rights through the Maryland Dormant Mineral Interests Act.

### **2. Impact of Chapter 410 of 2011 (State Government – Land Acquisitions and Transfers of Property) and Program Open Space Administrative Funding Needed**

State Government – Land Acquisitions and Transfers of Property (Chapter 410 of 2011) consolidated State land acquisition and planning functions related to open space, recreation, and conservation within DNR. Authority to negotiate State POS land acquisitions was transferred from DGS to DNR. Also, responsibility for preparation of the State's Land Preservation, Parks, and Recreation Plan was transferred from MDP to DNR.

DNR reports that it has received 6 positions from DGS, of which 4 are filled and 2 are being recruited. DNR has received one vacant position from MDP that may need to be reclassified. In August 2011, DNR began taking items to BPW under the newly created DNR Real Property Agenda as Supplement A on the Secretary's Agenda. POS – State, POS – Local, POS State exchanges with private land, Rural Legacy, Conservation Reserve Enhancement Program, forest conservation

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easements, Maryland Environmental Trust easement donations, and timber sales will all be taken by DNR to BPW. DGS will continue to take shore erosion control, beach replenishment, procurement contract, and non-exchange land disposition items to the board.

## ***PAYGO Recommended Actions***

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1. Concur with the following language:

Notwithstanding the appropriations above, the Special Fund appropriation for the Outdoor Recreation Land Loan shall be reduced by \$49,249,882 contingent on the enactment of legislation crediting \$49,249,882 of the transfer tax revenues to the General Fund. The reduction shall be distributed in the following manner:

Program Open Space – State Acquisition .....	\$14,724,961
Program Open Space – Local Share.....	\$13,564,816
Program Open Space – Capital Improvements .....	\$8,161,061
Rural Legacy .....	\$12,799,044
 Total	 \$49,249,882

**Explanation:** The fiscal 2013 budget bill as introduced includes a \$49,249,882 reduction for the Outdoor Recreation Land Loan Program contingent upon the enactment of a provision in the Budget Reconciliation and Financing Act of 2012 crediting transfer tax revenues to the general fund. The Program Open Space – State Acquisition contingent reduction includes \$12,997,305 for State land acquisition and \$1,727,656 for the Heritage Conservation Fund. The Program Open Space – Capital Improvements contingent reduction includes \$4,161,061 for the Natural Resources Development Fund and \$4,000,000 for the Critical Maintenance Program. The special fund appropriation that is not reduced contingent on the Budget Reconciliation and Financing Act is comprised of \$1,500,000 for the Baltimore City Direct Grant, \$1,217,000 for operating expenses allowed for by the Budget Reconciliation and Financing Act of 2011, and \$1,000,000 for land acquisition expenses that are used to supplement Program Open Space Acquisition Opportunity Loan of 2009 purchases but that do not meet the ecological criteria that stipulates how that funding may be used.

2. Concur with Governor’s allowance for the Waterway Improvement Capital Program special fund appropriation of \$268,000 and the federal fund appropriation of \$600,000.

***GO Bond Recommended Actions***

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1. Reduce by \$9,430,000 the general obligation bond authorization for the Program Open Space – Land Acquisition and Local Program.

KA05C                                      Program Open Space.....                                      \$ 60,649,000

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
70,079,000	-9,430,000	60,649,000

**Explanation:** The fiscal 2013 general obligation bond authorization for the Program Open Space – Land Acquisition and Local Program includes \$4,908,000 to replace Program Open Space – State fiscal 2013 transfer tax special funds and \$4,522,000 to replace Program Open Space – Local fiscal 2013 transfer tax special funds transferred to the general fund by the Budget Reconciliation and Financing Act of 2012. This action deletes the fiscal 2013 replacement funding for Program Open Space State and Local with the recommendation that this funding, and other fiscal 2013 replacement funding for land acquisition and conservation easements, be repurposed for environmental programs that facilitate infrastructure development and enhancement. A separate action pre-authorizes replacement of the \$4,522,000 in general obligation bond authorization for Program Open Space – Local in fiscal 2014 and 2015.

2. Approve the \$10,874,000 general obligation bond authorization for the Natural Resources Development Fund.
3. Approve the \$8,394,000 general obligation bond authorization for the Critical Maintenance Program.

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4. Reduce by \$9,267,000 the general obligation bond authorization for the Rural Legacy Program.

KA05F	Rural Legacy Program .....	\$ 5,622,000
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
14,889,000	-9,267,000	5,622,000

**Explanation:** The fiscal 2013 general obligation bond authorization for the Rural Legacy Program includes \$5,000,000 mandated in statute (Natural Resources Article § 5-9A-09), \$602,000 in fiscal 2011 transfer tax replacement funding, \$4,589,000 in fiscal 2012 transfer tax replacement funding, \$431,000 in fiscal 2010 overattainment replacement funding, and \$4,267,000 in fiscal 2013 transfer tax replacement funding. This action deletes the \$5,000,000 mandated in statute and the fiscal 2013 transfer tax replacement funding. The fiscal 2013 transfer tax replacement funding is deleted, along with other fiscal 2013 replacement funding for land acquisition and conservation easements, with the recommendation that this funding be repurposed for environmental programs that facilitate infrastructure development and enhancement.

5. Approve the \$7,431,000 general obligation bond authorization for the Waterway Improvement Program.
  
6. Approve the \$2,500,000 general obligation bond authorization for Community Parks and Playgrounds.
  
7. Approve the \$8,060,000 general obligation bond authorization for the Oyster Restoration Program to design and construct oyster habitat restoration projects and provide grants for aquaculture development projects.

8. Adopt committee narrative requesting a report on Oyster Restoration Program expenditures and outcomes.

**Committee Narrative**

**Oyster Restoration Program Expenditures and Outcomes:** The committees would like to track the progress of the Oyster Restoration Program and request the Department of Natural Resources (DNR) to submit a report that details the department’s monitoring plan for all oyster restoration work including oyster restoration at each restoration location. The report should measure the restoration efforts relative to the following goals: (1) 50 to 100% of currently restorable oyster habitat at the tributary level; and (2) a mean density of 50 oysters per square meter and 50 grams dry weight per square meter, containing at least two year classes, and covering at least 30% of the reef area at the reef level.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on Oyster Restoration Program expenditures and outcomes	DNR	Fiscal 2014 State budget submission and annually thereafter

9. Approve the \$27,756,000 general obligation bond authorization for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for urban and suburban stormwater management practices and stream and wetland restoration projects.
10. Approve the modification of Chapter 483 of 2010 to allow Natural Resources Development Fund authorization to be used for Fort Frederick State Park improvements instead of the officers’ quarters.

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11. Add \$2,261,000 to the fiscal 2014 general obligation bond pre-authorization for Program Open Space – Local, and approve the fiscal 2014 general obligation bond pre-authorization of \$15,093,000 for Program Open Space – State.

Modify the following language:

(A) Program Open Space. Provide funds for the purchase of conservation easements and acquisition of land, and to make grants to local jurisdictions for the purchase of conservation easements and acquisition of land, and development of recreational facilities. Funds appropriated for local grants shall be administered in accordance with §§ 5-905 through 5-906 of the Natural Resources Article.....	30,678,000
	<u>32,939,000</u>
(1) Program Open Space – Stateside – Prior Funds Replacement.....	15,093,000
(2) Program Open Space – Local – Prior Funds Replacement.....	<del>15,585,000</del> <u>17,846,000</u>

**Explanation:** The fiscal 2014 pre-authorization for Program Open Space (POS) includes \$2,992,000, \$7,193,000, and \$4,908,000 in fiscal 2011, 2012, and 2013 transfer replacement funding respectively for POS – State, and \$4,117,000, \$6,947,000, and \$4,521,000 in prior fiscal year, fiscal 2012, and fiscal 2013 transfer tax replacement funding respectively for POS – Local. The fiscal 2013 replacement funding noted above reflects second year funding. This action adds \$2,261,000 in general obligation bond pre-authorization for POS – Local in order to replace half of the \$4,522,000 in general obligation bond authorization for fiscal 2013 that was intended by the Governor to be first year replacement funding. In addition, this action approves the \$15,093,000 general obligation and pre-authorization for POS – State.

12. Approve the fiscal 2014 pre-authorization of \$9,456,000 in general obligation bonds for the Rural Legacy Program. This pre-authorization includes \$601,000, \$4,589,000, and \$4,266,000 to replace fiscal 2011, 2012, and 2013 transfers of transfer tax to the general fund, respectively.

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13. Add \$2,261,000 to the fiscal 2015 general obligation bond pre-authorization for Program Open Space – Local, and approve the fiscal 2015 general obligation bond pre-authorization of \$7,900,000 for Program Open Space – State.

Modify the following language:

(A)	Program Open Space. Provide funds for the purchase of conservation easements and acquisition of land, and to make grants to local jurisdictions for the purchase of conservation easements and acquisition of land, and development of recreational facilities. Funds appropriated for local grants shall be administered in accordance with §§ 5-905 through 5-906 of the Natural Resources Article .....	<del>16,538,000</del> <u>18,799,000</u>
	(1) Program Open Space – Stateside – Prior Funds Replacement.....	7,900,000
	(2) Program Open Space – Local – Prior Funds Replacement.....	<del>8,638,000</del> <u>10,899,000</u>

**Explanation:** The fiscal 2015 pre-authorization for Program Open Space (POS) includes \$622,000, \$2,370,000, and \$4,908,000 in fiscal 2011, 2012, and 2013 transfer tax replacement funding, respectively, for POS – State, and \$4,117,000, and \$4,521,000 in prior fiscal year, and fiscal 2013 transfer tax replacement funding respectively for POS – Local. The fiscal 2013 replacement funding noted above reflects third year funding. This action adds \$2,261,000 in general obligation bond pre-authorization for POS – Local in order to replace the second half of the \$4,522,000 in general obligation bond authorization for fiscal 2013 that was intended by the Governor to be first year replacement funding. In addition, this action approves the \$7,900,000 general obligation bond pre-authorization for POS – State.

14. Approve the fiscal 2015 pre-authorization of \$4,867,000 in general obligation bonds for the Rural Legacy Program. This pre-authorization includes \$601,000 and \$4,266,000 to replace fiscal 2011 and 2013 transfers of transfer tax to the general fund, respectively.

***Program Open Space – Land Acquisition and Local Program  
Fiscal 2013 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2012 Amount</u>	<u>Total State Share (%)</u>
Baltimore City	Baltimore City Direct Grant – GO Bonds	\$1,270,000	\$1,270,000	100.0%
Baltimore City	Baltimore City Direct Grant – Special Funds	1,500,000	1,500,000	100.0%
Statewide	POS Federally Funded Land Acquisitions	3,000,000	3,000,000	100.0%
Statewide	POS Local – Fiscal 2013 Allocation – GO Bonds	4,522,000	4,522,000	100.0%
Statewide	POS Local – Prior Cash Balances – GO Bonds	46,587,000	46,587,000	100.0%
Statewide	POS Stateside – Fiscal 2013 Allocation – GO Bonds	4,908,000	4,908,000	100.0%
Statewide	POS Stateside – Fiscal 2013 Allocation – Special Funds	1,000,000	1,000,000	100.0%
Statewide	POS Stateside – Prior Cash Balances – GO Bonds	12,792,000	12,792,000	100.0%
<b>Total</b>		<b>\$75,579,000</b>	<b>\$75,579,000</b>	

GO: general obligation  
POS: Program Open Space

***Program Open Space  
Fiscal 2013 Local Allocation***

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<u>County</u>	<u>Amount</u>
Allegany	\$50,000
Anne Arundel	545,000
Baltimore City	360,000
Baltimore County	613,000
Calvert	54,000
Caroline	24,000
Carroll	122,000
Cecil	63,000
Charles	111,000
Dorchester	21,000
Frederick	129,000
Garrett	25,000
Harford	182,000
Howard	324,000
Kent	15,000
Montgomery	819,000
Prince George's	697,000
Queen Anne's	33,000
St. Mary's	62,000
Somerset	15,000
Talbot	35,000
Washington	96,000
Wicomico	64,000
Worcester	63,000
<b>Total</b>	<b>\$4,522,000</b>

Note: For Baltimore City, the fiscal 2013 allowance also includes \$1,500,000 for the required State direct grant and \$1,270,000 in general obligation bond authorization for three additional projects: \$400,000 for the Ripken Foundation to construct athletic fields, \$600,000 for Stoney Run Trail improvements, and \$270,000 for Federal Hill Park improvements.

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***Natural Resources Development Fund  
Fiscal 2013 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2013 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Allegany	Western Maryland Rail Trail – GO Bond Replacement	\$4,410,000	\$2,510,000	\$1,900,000	–	100.0%
Anne Arundel	Sandy Point State Park – Green Infrastructure Improvements	1,700,000	–	1,700,000	–	100.0%
Baltimore	North Point State Park – Pier Replacement and Shore Erosion Control	2,008,000	98,000	1,910,000	–	100.0%
Cecil	Elk Neck State Park Improvements	1,951,000	–	241,000	\$1,710,000	100.0%
Dorchester	Harriet Tubman Underground Railroad State Park	21,411,000	18,078,000	2,683,000	650,000	100.0%
Garrett	Garrett County State Parks – Trail Construction	1,100,000	–	150,000	950,000	100.0%
Garrett	Western Maryland Recreational Access and Trail Restoration Project	2,850,000	–	150,000	2,700,000	100.0%
Somerset	Wellington Wildlife Management Area – Office Renovation	2,876,000	–	342,000	2,534,000	100.0%
St. Mary’s	Point Lookout State Park – Lighthouse Restoration	3,407,000	–	398,000	3,009,000	100.0%
Statewide	State Parks – New Natural Playgrounds	1,400,000	–	1,400,000	–	100.0%
<b>Total</b>		<b>\$43,113,000</b>	<b>\$20,686,000</b>	<b>\$10,874,000</b>	<b>\$11,553,000</b>	

GO: general obligation

***Critical Maintenance Program  
Fiscal 2013 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2013 Amount</u>	<u>Total State Share (%)</u>
Allegany	Dan’s Mountain State Park – Renovate Day Use Restrooms	\$50,000	\$50,000	100.0%
Allegany	Rocky Gap State Park – Office Renovations	773,000	773,000	100.0%
Allegany	Rocky Gap State Park – Renovate Easter Hill Chalet	100,000	100,000	100.0%
Anne Arundel	Sandy Point State Park – Rebuild Ejector Pit – Toll Gate	12,000	12,000	100.0%
Anne Arundel	Sandy Point State Park – Replace South Beach Ejector Pit	80,000	80,000	100.0%
Baltimore	Patapsco Valley State Park – Guard Rail Replacement – Avalon and Hilton Area	375,000	375,000	100.0%
Baltimore	Patapsco Valley State Park – Hilton Campground Waterline Replacement	80,000	80,000	100.0%
Carroll	Patapsco Valley State Park – Renovate McKeldin Shop	75,000	75,000	100.0%
Cecil	Elk Neck State Park – Renovate Shop/Office	70,000	70,000	100.0%
Cecil	Elk Neck State Park – Renovate Bathhouses	430,000	430,000	100.0%
Cecil	Fair Hill Natural Resources Management Area – Bridge Abutment Repairs	280,000	280,000	100.0%
Cecil	Fair Hill Natural Resources Management Area – Safety Fence Installation	5,000	5,000	100.0%
Charles	Manning Hatchery – Replace Doors – Hatchery Building	15,000	15,000	100.0%
Charles	Myrtle Grove Wildlife Management Area – Renovate Shooting Range	35,000	35,000	100.0%
Frederick	Cunningham Falls State Park – Repave Camp Loops A & B	120,000	120,000	100.0%
Frederick	Urbana Lake Fishing Area – Renovate Emergency Spillway	20,000	20,000	100.0%
Garrett	Bear Creek Fish Hatchery Wildlife Management Area – Roofs	20,000	20,000	100.0%

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<b><u>Subdivision</u></b>	<b><u>Project Title</u></b>	<b><u>Estimated Cost</u></b>	<b><u>FY 2013 Amount</u></b>	<b><u>Total State Share (%)</u></b>
Garrett	Herrington Manor State Park – Cabin Chimney Renovations	15,000	15,000	100.0%
Garrett	Herrington Manor State Park – Cabin Renovations	500,000	500,000	100.0%
Garrett	New Germany State Park – Cabin Renovations	400,000	400,000	100.0%
Garrett	New Germany State Park – Cabin Window and Door Replacements	100,000	100,000	100.0%
Garrett	New Germany State Park – Replace Fuel Dispensers	15,000	15,000	100.0%
Garrett	New Germany State Park – Stabilize Nature Center Foundation	30,000	30,000	100.0%
Garrett	Savage River State Forest – Exterior Renovations – Office	37,000	37,000	100.0%
Garrett	Swallow Falls State Park – Renovate Office – Campstore	15,000	15,000	100.0%
Howard	Patapsco Valley State Park – Renovate Shelter 106	100,000	100,000	100.0%
Howard	Patapsco Valley State Park – Replace Culvert Pipe – Orange Grove	15,000	15,000	100.0%
Kent	Sassafras Natural Resources Management Area – Renovate Knocks Folly	50,000	50,000	100.0%
Prince George’s	Merkle Wildlife Sanctuary – Boardwalk Replacement	5,000	5,000	100.0%
Queen Anne’s	Unicorn Fish Hatchery – New Wells	200,000	200,000	100.0%
Queen Anne’s	Unicorn Fish Hatchery – Reroof Hatchery Buildings	25,000	25,000	100.0%
Queen Anne’s	Unicorn Fish Hatchery – Replace Fence	37,000	37,000	100.0%
Queen Anne’s	Wye Mills State Park – Roofing Annex	6,000	6,000	100.0%
St. Mary’s	Point Lookout State Park – Renovate Bathhouses Phase II	500,000	500,000	100.0%
St. Mary’s	Point Lookout State Park – Replace Lanier Water Line	16,000	16,000	100.0%
Talbot	Choptank Fishing Pier – Reroof Office	6,000	6,000	100.0%
Washington	Albert Powell Fish Hatchery – Reroof Four Buildings	20,000	20,000	100.0%

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2013 Amount</u>	<u>Total State Share (%)</u>
Washington	Fort Frederick State Park – Relocate Shop Storage	15,000	15,000	100.0%
Washington	Fort Frederick State Park –Renovate Visitor Center Exterior	30,000	30,000	100.0%
Washington	Greenbrier State Park – Replace Culvert Pipe	89,000	89,000	100.0%
Worcester	Assateague State Park – Bathhouse #1 Renovation	420,000	420,000	100.0%
Worcester	Assateague State Park – Bathhouse #2 Renovation	420,000	420,000	100.0%
Worcester	Assateague State Park – Bathhouse #3 Renovation	420,000	420,000	100.0%
Worcester	Assateague State Park – Bathhouse #4 Renovation	420,000	420,000	100.0%
Worcester	Assateague State Park – Bathhouse #5 Renovation	420,000	420,000	100.0%
Worcester	Assateague State Park – Concession Building Alarm	20,000	20,000	100.0%
Worcester	Assateague State Park –Dune Maintenance	150,000	150,000	100.0%
Worcester	Assateague State Park –New HVAC Units for Concession	90,000	90,000	100.0%
Worcester	Pocomoke River State Park – Shad Landing Area – Upgrade Shop Electrical System	45,000	45,000	100.0%
Worcester	Pocomoke River State Park – Shad Landing Area – Vault Toilet	45,000	45,000	100.0%
Statewide	State Parks – Removal of Impermeable Surfaces	540,000	540,000	100.0%
Statewide	Statewide – Contingency Fund	57,000	57,000	100.0%
Statewide	Statewide – House Assessment Program	250,000	250,000	100.0%
Statewide	Statewide – Razings	250,000	250,000	100.0%
Statewide	Statewide – House Assessment Program – GO Bond Replacement	81,000	81,000	100.0%
		<b>\$8,394,000</b>	<b>\$8,394,000</b>	

GO: general obligation

HVAC: heating, ventilation, and air conditioning

***Community Parks and Playgrounds  
Fiscal 2013 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2013 Amount</u>	<u>Total State Share (%)</u>
Allegany	Constitution Park Pool – ADA Improvements	\$23,000	\$23,000	100.0%
Allegany	Frostburg Community Park – New Basketball Courts	14,000	14,000	100.0%
Anne Arundel	Truxton Park – Softball Field Renovation	102,000	102,000	100.0%
Caroline	Austin Park Improvements	25,000	25,000	100.0%
Caroline	Ober Community Park – Playground Renovations	200,000	200,000	100.0%
Caroline	Third Street – New Basketball Court	95,000	95,000	100.0%
Cecil	Meadow Park – New Dog Park	24,000	24,000	100.0%
Dorchester	Cosby Avenue Park Improvements	117,000	117,000	100.0%
Dorchester	Vienna Riverwalk	220,000	220,000	100.0%
Frederick	Thurmont Community Park – New Fitness Trail	105,000	105,000	100.0%
Frederick	Town of Emmitsburg Walking Trail – New Exercise Stations	29,000	29,000	100.0%
Garrett	Glades Park – Path Extension and Fence Repair	95,000	95,000	100.0%
Garrett	Loch Lynn Community Park – New Trail	122,000	122,000	100.0%
Harford	Aberdeen Festival Park Improvements	100,000	100,000	100.0%
Harford	Plumtree Park Improvements Project	200,000	200,000	100.0%
Montgomery	David Scull Park – Playground Improvements	154,000	154,000	100.0%
Montgomery	Town of Kensington – New Tennis Courts	83,000	83,000	100.0%
Prince George’s	Laurel Hill Playground Improvements	86,000	86,000	100.0%
Prince George’s	Martin Luther King Community Park Improvements	214,000	214,000	100.0%
Washington	Veterans Park – Walking Trail Extension	33,000	33,000	100.0%
Wicomico	Fruitland Park – Playground Improvements	78,000	78,000	100.0%

*KA05 – Department of Natural Resources – Capital*

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2013 Amount</u>	<u>Total State Share (%)</u>
Wicomico	Salisbury – New Skatepark	262,000	262,000	100.0%
Worcester	Northside Park – New Exercise and Fitness Area	119,000	119,000	100.0%
<b>Total</b>		<b>\$2,500,000</b>	<b>\$2,500,000</b>	

ADA: Americans with Disabilities Act