

Department of Legislative Services  
 Maryland General Assembly  
 2024 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 674

(Senator Elfreth, *et al.*)

Education, Energy, and the Environment

Environment and Transportation

**Abandoned or Sunken Vessels and Waterway Improvement Fund Grants**

This bill requires, beginning in fiscal 2026, the Department of Natural Resources (DNR) to distribute at least \$250,000 annually from the Waterway Improvement Fund (WIF) to a qualifying statewide Maryland-based historic preservation nonprofit organization to establish, operate, and administer a maritime heritage competitive grant program to provide grants to certain entities engaged in maritime heritage preservation, interpretation, or conservation, as specified. The bill also modifies requirements and processes for DNR to contact vessel owners during emergencies and when seizing, removing, or taking into custody abandoned or sunken vessels. Finally, the bill authorizes DNR to establish and administer a voluntary vessel turn-in program that allows State residents to turn in their vessels to the department to be destroyed, subject to specified requirements. **The bill takes effect July 1, 2024.**

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by at least \$125,000 in FY 2025 and by at least \$375,000 annually thereafter, under the assumptions discussed below. Revenues and expenditures for the Maryland Historical Trust (MHT) may increase minimally beginning in FY 2026 from maritime heritage grants (not shown). **This bill establishes a mandated distribution beginning in FY 2026.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	125,000	375,000	375,000	375,000	375,000
Net Effect	(\$125,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)

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

**Local Effect:** Local revenues and expenditures increase minimally from maritime heritage grants beginning in FY 2026. Local governments may benefit indirectly from a DNR voluntary vessel turn-in program, as discussed below.

**Small Business Effect:** Minimal.

## Analysis

### Bill Summary:

#### *Minimum Required Grant from Waterway Improvement Fund to Nonprofit*

Notwithstanding any other provision of law, for fiscal 2026 and each fiscal year thereafter, DNR must distribute at least \$250,000 from WIF to a statewide Maryland-based historic preservation nonprofit organization with demonstrated experience in grantmaking. A nonprofit organization that receives funding under the bill must use the funding to establish, operate, and administer a maritime heritage competitive grant program to provide grants to nonprofit organizations in the State and instrumentalities of the State, counties, or municipalities engaged in maritime heritage preservation, interpretation, or conservation.

By November 30 each year, a nonprofit organization that receives funding for a maritime heritage competitive grant program must report to DNR on the guidelines, promotion, selection, recipients, and impact of the organization's program.

#### *Contact Information and Procedures*

The owner of a vessel must include specified contact information with the application for a certificate of number from DNR. The information is to be used in the event of an emergency or if the vessel is at risk of becoming an abandoned or sunken vessel, as defined. The contact information must include the mailing address, telephone number, and email address for each vessel owner. DNR may require the vessel owner to provide alternate emergency contact information.

DNR must also attempt to contact the registered owner and, if applicable, an alternate emergency contact, by email and telephone when an abandoned or sunken vessel is to be seized, removed, or taken into custody. The same requirements are added for when DNR takes an abandoned or sunken vessel into custody.

If all existing and newly authorized direct contact methods fail, DNR may provide general notice (1) by publication in a newspaper (as allowed under current law); (2) through digital media; or (3) by attaching a distinctively colored notification sticker or tag containing specified information to the vessel in a clearly visible place. If DNR affixes a sticker or tag on the vessel to fulfill its general notice requirements, the department must wait for 60 days to allow the owner or secured party to claim the vessel before disposing of the vessel, as specified. For the other general notice methods, DNR only needs to wait for three weeks (which is the standard required wait time after general notice under current law).

### *Voluntary Vessel Turn-in Program*

DNR may establish and administer a voluntary vessel turn-in program that allows the owner of a vessel to turn the vessel in to the department to be destroyed. If DNR establishes the program, it must adopt related regulations.

To apply to participate in the program, a vessel owner must submit to DNR an application in the form that the department requires. In order to participate the program, the vessel owner must demonstrate to the satisfaction of DNR that the applicant is the owner of the vessel and is a State resident.

In evaluating a vessel's eligibility for the program, DNR must prioritize, in order of priority, the following vessels:

- an abandoned or sunken vessel;
- a vessel that risks becoming abandoned or sunken if specified criteria are met; and
- any other vessel that DNR determines is eligible for program participation.

DNR, in its sole discretion, may determine eligibility for participation in the program. DNR, or a person removing, towing, storing, or disposing of a vessel that is accepted into the program on behalf of the department, may not be held liable for any damage to the vessel which may occur during its removal, storage, or custody.

### **Current Law:**

#### *Certificate of Number*

Generally, any vessel equipped with propulsion machinery of any type on the waters of the State must be numbered for identification in accordance with the State Boat Act and any related DNR regulations. The application is on forms approved by DNR, accompanied by the requisite fee, and signed by every vessel owner. There are certain exceptions and exemptions, such as a vessel propelled only by sail.

#### *Abandoned or Sunken Vessels*

DNR is authorized to seize, remove, and take into custody any abandoned or sunken vessel. The department may use its own personnel, equipment, and facilities or use other persons, equipment, and facilities for removing, preserving, or storing abandoned or sunken vessels. DNR, or a person removing, preserving, or storing an abandoned or sunken vessel on the department's behalf, may not be held liable for any damage to an abandoned or sunken vessel, which may occur during removal, storage, or custody of the vessel.

“Abandoned or sunken vessel” means any vessel that:

- is left illegally or has remained without permission for more than 30 days on public property, including public marinas, docks, or boatyards;
- has remained for more than 60 days at a private marina or boatyard, or property operated by a private marina or boatyard, without the consent of the owner or person in control of the property;
- has remained for more than 30 days at a private dock or at or near waters’ edge on private property without the consent of the owner or person in control of the property;
- has remained on any other private property for more than 180 days without the consent of the owner or person in control of the property; or
- has been found adrift or unattended in or upon the waters of the State and is found in condition of disrepair, presents a potential health or environmental hazard, and is not specified historic property.

Generally, no later than 15 days before an abandoned or sunken vessel is seized, removed, or taken into custody, DNR must send a specified notice to the last known registered owner of the vessel, as shown on the department’s records. If DNR is unable to determine the owner, or the notice is returned as undeliverable, the department must publish notice in at least one local newspaper. If the owner or secured party of an abandoned or sunken vessel fails to claim the vessel within three weeks after notice is given, DNR may sell the vessel at public auction, proceed to receive the title to the vessel, or otherwise dispose of the vessel.

DNR may delegate its authority to remove and dispose of abandoned or sunken vessels to any local jurisdiction that consents to the delegation.

#### *Waterway Improvement Fund*

The provisions establishing and pertaining to WIF are contained within the State Boat Act. WIF finances projects and activities that promote, develop, and maintain Maryland’s waterways for the benefit of the boating public. 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 no more than 50% of the cost of each project. WIF may, however, finance completely any construction project beneficial to the boating public, which costs \$250,000 or less, 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.

**State Expenditures:** Beginning in fiscal 2026, DNR must distribute at least \$250,000 annually from WIF to a statewide Maryland-based historic preservation nonprofit organization with demonstrated experience in grantmaking. This estimate assumes WIF fund balance is used for such purposes, leaving other WIF expenditures unchanged. The nonprofit must use the funds to establish, operate, and administer a maritime heritage competitive grant program to provide grants to nonprofit organizations in the State and instrumentalities of the State, counties, or municipalities engaged in maritime heritage preservation, interpretation, or conservation. MHT, an instrumentality of the State within the Maryland Department of Planning, is likely an eligible potential grant recipient; accordingly, MHT revenues and expenditures may increase minimally beginning in fiscal 2026 as grant funds are received and used for eligible purposes.

This estimate also assumes that DNR establishes and administers a voluntary vessel turn-in program in fiscal 2025, as authorized by the bill. The scope of the program depends on public interest; if it is relatively modest, existing DNR staff can implement a program for an annual cost of approximately \$125,000. An additional staff may be required if the program generates substantial interest. Once again, this estimate assumes WIF fund balance is used for such purposes, leaving other WIF expenditures unchanged.

DNR can add contact information for vessel registrations or certifications with its existing licensing system at no additional cost. Advertising costs for DNR related to abandoned vessels decrease minimally beginning in fiscal 2025.

Accordingly, special fund expenditures for DNR increase by at least \$125,000 in fiscal 2025 and by at least \$375,000 annually thereafter to provide the minimum required distribution to a nonprofit and establish a voluntary vessel turn-in program, offset minimally by reduced advertising costs.

For context, the projected fiscal 2025 beginning fund balance for WIF is \$29.2 million, estimated revenues in fiscal 2025 are \$25.0 million, and estimated expenditures in fiscal 2025 are \$35.3 million (these amounts include both operating and capital expenditures).

**Local Fiscal Effect:** Local revenues and expenditures may increase minimally beginning in fiscal 2026 from maritime heritage grants received under the bill; however, overall funding is limited, and local governments are not the only eligible recipients. Of note, the funding source for the maritime heritage grants, WIF, is used in combination with local governments to jointly finance projects to construct marine facilities beneficial to the boating public. WIF also fully finances certain types of projects that also indirectly benefit

local governments. Local governments may also benefit indirectly from a voluntary vessel turn-in program established under the bill.

**Additional Comments:** While nonprofits are not considered small businesses for purposes of fiscal and policy notes, they potentially benefit from maritime heritage grant funding under the bill beginning in fiscal 2026 (and a statewide nonprofit benefits from the direct WIF funding to establish, operate, and administer the grant program).

---

### **Additional Information**

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

**Designated Cross File:** HB 1461 (Delegate Allen) - Rules and Executive Nominations.

**Information Source(s):** Department of Natural Resources; Department of Budget and Management; Maryland Department of Planning; cities of Baltimore and Havre de Grace; Anne Arundel, Prince George's, Queen Anne's, and St. Mary's counties; Town of Leonardtown; Department of Legislative Services.

**Fiscal Note History:** First Reader - February 18, 2024  
rh/lgc Third Reader - April 1, 2024  
Revised - Amendment(s) - April 1, 2024

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510