

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE**Revised**

Senate Bill 33 (Senator Colburn)
Economic and Environmental Affairs

Referred to Environmental Matters

Forest Conservation

This enrolled bill authorizes the Department of Natural Resources (DNR) to establish fees to cover the costs associated with the Forest Conservation Act in jurisdictions without an approved forest conservation program. The bill includes provisions for local forest mitigation banks as an off-site planting alternative. DNR must develop procedures for establishing forest mitigation banks, including criteria for tracking, crediting, maintaining, bonding, and reporting mitigation bank activities. In specified situations, data collection requirements for forest stand delineation would be reduced.

The bill establishes definitions and requirements for “linear projects” to include utility rights of way. The bill also alters the preferred sequence for afforestation and reforestation. It includes coastal bay areas and their buffers as priority areas for retention and reforestation. Reforestation or afforestation must be completed within two years or three growing seasons (rather than one year or two growing seasons) before the money paid into the Forest Conservation Fund is returned to the person who provided the money to be used for specified on-site tree planting in the same county or watershed. Provisions are made to allow DNR or the local jurisdictions to review sites both inside and outside the Critical Area under a single forest protection standard.

Fiscal Summary

State Effect: Indeterminate minimal special fund revenue increase beginning in FY 1998. Potential indeterminate effect on special and general fund expenditures.

Local Effect: Potential indeterminate effect on expenditures. Revenues would not be affected.

Small Business Effect: Potential meaningful impact on small businesses, as discussed below.

Fiscal Analysis

State Revenues: The Department of Natural Resources advises that it would not institute a fee to review a private developer's site plan in local jurisdictions without a forest conservation program in effect. However, such a fee is permitted under this legislation and special fund revenues could increase if one is implemented for any reason.

State Expenditures: There could be a minimal increase in expenditures for overseeing the mitigation banking system; this could be absorbed within existing resources. DNR estimates that the reduction in required data collection in specified instances could lead to a minimal reduction in expenditures on the Forest Conservation Program. The Department of Fiscal Services (DFS) advises that it is unclear if these expenditure reductions would result in direct cost savings, or if these resources would be directed to other lawful purposes.

The provision extending the retention of funds to be used for reforestation or afforestation is not expected to affect the expenditure of these revenues, as these funds are currently being utilized within the required time frame. The extension would allow more long-term projects to be initiated using these funds.

Local Expenditures: Possible expenditure reduction due to data collection streamlining, as discussed above. However, administrative costs for overseeing the mitigation banks could cause a minimal increase in expenditures. In addition, local governments could incur costs due to amendment review, advertisement, and public hearings.

The provision extending the retention of funds to be used for reforestation or afforestation is not expected to affect the expenditure of these revenues, as discussed above in the State Expenditures section.

Small Business Effect: Under the terms of the bill, developers and utility companies who presently are engaged in construction projects that must comply with the Forest Conservation Act could realize cost savings. Mitigation banking would give companies more flexibility in choosing economically attractive options for tree planting. The reduced data collection requirements in regards to forest stand delineation could also result in cost savings.

Since the costs of complying with the Forest Conservation Act can vary widely depending upon the site layout and current local requirements, any cost savings resulting from this bill cannot be reliably estimated at this time. There are approximately 4,900 residential builders and 700 businesses engaged in non-residential building operations in the State. A large number of these operations would qualify as small businesses.

In addition, the bill allows for reforestation in utility rights-of-way, which could decrease costs to utility companies who might otherwise pay fees-in-lieu. According to the Public

Service Commission, there are 37 utilities that could benefit from this change (30 water and sewage facilities and 7 gas and electric companies).

Information Source(s): Department of Natural Resources; Dorchester, Calvert, and Garrett counties; Public Service Commission; Maryland Builders Association; Department of Fiscal Services

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