

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 917 (Delegate Rudolph, *et al.*)
Environmental Matters

Natural Resources - Forest and Park Concession Account

This bill establishes a Forest and Park Concession Account in the Department of Natural Resources (DNR). Any money that is derived from forest and park “concession operations” shall be deposited in the account to: (1) pay the maintenance and operation of concession operations and the function of State forests and parks to the extent of the projected balance of the account from the prior fiscal year; and (2) pay counties 15% or 25% of net concession revenues generated in the county depending on the amount of State forest and park land in the county.

The bill also requires that the annual budget include the revenues and expenditures of the fund in the same detail as other special fund accounts administered by DNR.

Fiscal Summary

State Effect: No effect in the short-term. Potential indeterminate increase in DNR special fund revenue in the long-term.

Local Effect: Potential minimal.

Small Business Effect: None.

Fiscal Analysis

State Effect: Currently, all funds generated from concessions at State parks and forests go into the State Forest and Park Reserve Fund. Other sources of revenue for the fund include admission fees, camping fees, and timber sales. The bill establishes a Forest and Park Concession Account where only money from concessions will be deposited. In the short-term, total revenues will not be affected as money that is currently deposited into the Reserve

Fund from concessions will now be deposited into a separate concession account.

Forest and park concessions generate approximately \$1.3 million of the \$11.0 million in the Reserve Fund. Operating costs for concessions are \$1.0 million annually. Opening a separate account for concessions will reduce the dependence of concession operations on the other activities that contribute to the fund. For illustrative purposes, if timber sales decline, it is possible that the amount of money in the fund will decrease thereby limiting the amount of money that can be directed toward concession operations.

Being able to operate independently of the other activities that generate money for the Reserve Fund could provide increased economic opportunities for concession operations. Any revenue that is above what is needed for operating costs could be invested back into concession operations to increase concession activity, thereby increasing overall revenues in future years. Any excess revenue could also be used to fund the function of State forests and parks.

Local Effect: Local governments currently receive a 15% county refund from the Forest and Park Reserve Fund, except Garrett and Allegany which receive a 25% refund. The amount contributed from concessions is based on net profits rather than gross revenues. Concessions generate \$1.3 million in revenue while requiring \$1.0 million to operate.

The amended bill provides that a county with State forest and park land comprising less than 10% of the county's total land area will receive 15% of net concession account revenue generated in the county, and a county with State forest and park land comprising more than 10% of the county's total land area will receive 25% of net concession revenue generated in the county. As a result, local governments will receive the percentage that they receive under current law of the approximately \$300,000 in excess revenue that would result from the creation of a separate concession account. The amount of funds paid to local governments as a result of concession operations is approximately \$43,000, statewide.

DNR advises that only Garrett and Allegany counties have State forest and park land that comprise more than 10% of the total county land area. Unless other counties acquire additional State forest and park land or State forest and park concessions generate more revenue, the current level of funding to local governments is not expected to change significantly.

Information Source(s): Department of Natural Resources, Department of Legislative Services

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