

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 461 (Senator Stoltzfus)

Economic and Environmental Affairs and Budget and Taxation

**Timber Sales and Other Revenues - State-Owned Lands - Percentage of Proceeds to
a County**

This bill amends current law to require that the Department of Natural Resources (DNR) annually remit to each county in which State-owned land comprises 10% or more of the total land area a sum equal to 25% of the revenues derived from the State forest or park reserve located in that county. The funds to counties must be paid out of the Forest or Park Reserve Fund. For lands acquired by DNR on or after January 1, 1999, DNR must remit to a county from which timber was cut and removed: (1) 15% of the net proceeds of the sale of timber for each county in which any State forest or park reserve is located; or (2) 25% of the net proceeds of the sale of timber for each county in which State-owned land comprises 10% or more of the total land area. The remainder of the net proceeds must be deposited with the Comptroller and placed to the credit of the Wildlife Management and Protection Fund.

Fiscal Summary

State Effect: Increase in special fund expenditures of an estimated \$352,600 annually beginning in FY 2001. Potential meaningful decrease in special fund revenues beginning in FY 2001.

Local Effect: Increase in county revenues of an estimated \$352,600 annually beginning in FY 2001. Potential meaningful additional increase in revenues.

Small Business Effect: None.

Analysis

Current Law: All money obtained from State forest reserves and State parks are paid into the Forest or Park Reserve Fund in DNR. Each county in which a State forest or park reserve is located must be paid annually out of the fund 15% of the revenue derived from the State forest or park reserve located in that county. Each county in which the forest or park reserve comprises 10% or more of the total land area of that county shall be paid annually out of the fund a sum equal to 25% of the revenues derived from the State forest or park reserve located in that county.

Background: The refund to counties of a portion of revenues from State forests and parks was established to offset property tax revenues that counties would have received if those lands were held privately. In fiscal 1999, DNR remitted approximately \$1.6 million to 19 counties. The fiscal 1999 ending balance of the Forest or Park Reserve Fund was \$859,509.

State Fiscal Effect: Two counties (Allegany and Garrett) currently receive 25% of the proceeds from State forest or park reserves because those reserves account for at least 10% or more of the total land area in those counties. Under this bill, any county in which *State-owned* land comprises 10% or more would be entitled to 25% of the revenues from forest or park reserves in that county. Although reliable estimates of State-owned land in each county are not readily available, based on the total acreage of DNR-owned land and estimates of other State-owned land in each county, it is estimated that, at most, seven counties which currently receive 15% of those proceeds could become eligible to receive 25% of the proceeds as a result of the bill. Projected fiscal 2001 revenues from State forests or park reserves located in those counties total \$3,526,000. Accordingly, Forest or Park Reserve Fund expenditures could increase by an estimated \$352,600 annually (10% of the total). To the extent that additional counties become eligible to receive funds as a result of future land acquisitions by DNR or other State agencies, special fund expenditures would increase accordingly.

The bill also provides that for any land acquired by DNR after January 1, 1999, DNR must remit to a county from which timber was cut and removed: (1) 15% of the net proceeds of the sale for each county in which any State forest or park reserve is located; or (2) 25% of the net proceeds of timber sales for each county in which State-owned land comprises 10% or more of the total land area. Although DNR has purchased several thousand acres of land since January 1, 1999, the only land acquired after that date from which DNR anticipates the sale of timber is Chesapeake Forest on the Eastern Shore. Because Chesapeake Forest is a State forest, DNR will remit 15% of the net proceeds from the sale of timber to the counties in which the forest is located (Caroline, Dorchester, Somerset, Wicomico, and Worcester). The remainder will be deposited in the Forest or Park Reserve Fund. Under this bill, because State-owned land in at least three of those counties (Dorchester, Somerset, and Worcester) is

estimated to be greater than 10% of the total land area, DNR would be required to remit an additional 10% of the net proceeds from the sale of timber to those counties. The remainder of the net proceeds would be placed into the Wildlife Management and Protection Fund. That fund is used for the scientific investigation, protection, propagation, and management of wildlife.

The sale of timber from Chesapeake Forest is expected to begin in the spring of 2000. The net proceeds that DNR will receive from the sale of timber, as well as the distribution of the proceeds among the counties in which the forest is located, is unknown. Accordingly, an estimate of the decrease in special fund revenues cannot be made at this time. However, under current law, the net proceeds from the sale of timber from all State forests (including Chesapeake Forest) is credited to the Forest or Park Reserve Fund. Under this bill, the net proceeds from the sale of timber from lands acquired by DNR after January 1, 1999, would be credited to the Wildlife Management and Protection Fund. To the extent that other counties become eligible for proceeds from the sale of timber resulting from future land acquisitions, special fund revenues would decrease accordingly.

Local Revenues: Up to seven counties (Baltimore, Cecil, Dorchester, Howard, Somerset, Washington, and Worcester) could receive a total increase in revenues of an estimated \$352,600 annually related to revenues derived from State forests or park reserves located in those counties. Dorchester, Somerset, and Worcester counties, at a minimum, could also receive an indeterminate increase in revenues related to proceeds from the sale of timber from Chesapeake Forest. To the extent that future purchases by DNR and other State agencies make additional counties eligible for an increase in revenues pursuant to this bill, county revenues would increase accordingly.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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nncsjr

Analysis by: Lesley Frymier

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510