

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

House Bill 200 (Chairman, Environmental Matters Committee)  
(Departmental – Natural Resources)

Environmental Matters

Budget and Taxation

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**Shore Erosion Control Construction Loan Fund**

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This departmental bill specifies that the Department of Natural Resources (DNR) may use any general, special, State reimbursable or federal reimbursable funds appropriated in the budget for nonstructural shore erosion control. The bill also modifies the allowable uses of the Shore Erosion Control Construction Loan Fund by providing that, in addition to interest-free loans, the fund may be used to provide grants. The bill also allows any type of funds to be appropriated for maintenance of the fund.

The bill takes effect July 1, 2001.

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**Fiscal Summary**

**State Effect:** None. Total Shore Erosion Control Construction Loan Fund revenues and expenditures would not change. The bill essentially codifies existing practice.

**Local Effect:** The bill would not directly affect local operations or finances.

**Small Business Effect:** DNR has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** DNR may use any funds appropriated in the budget for nonstructural shore erosion control. DNR must administer the fund to provide interest-free loans to persons, municipalities, or counties for design and construction of shore erosion control

projects. The fund shall be maintained by: (1) repayments of principal on loans made from the fund; (2) repayment of administrative costs; and (3) an annual appropriation of general funds to restore the fund to a level sufficient to carry out an effective shore erosion control construction loan program during the succeeding year.

**Background:** The General Assembly established the Shore Erosion Control Program in 1968 to provide technical and financial assistance to property owners with shoreline or streambank erosion problems. The Shore Erosion Control Construction Loan Fund was created in 1971 to provide loans to property owners in support of the design and construction of erosion control projects.

DNR has conducted two different erosion control operations since fiscal 1985 -- the structural projects loan program and the nonstructural projects matching grant program. The structural shore erosion control program was discontinued in fiscal 1996 as part of a departmental reorganization. Beginning in fiscal 1997, DNR has targeted its resources on the existing nonstructural erosion control program. This program has been funded with general funds, Waterway Improvement funds, and Shore Erosion Control Construction funds. Although State law limited the use of the fund to structural projects, Chapter 208 of 1998 attempted to clarify that the fund can finance structural as well as nonstructural erosion control projects.

The Attorney General's Counsel to the General Assembly, in consultation with counsels for the Department of Budget and Management and DNR, has recommended that the Shore Erosion Control Law be amended to clearly provide that special funds principally derived from the fund and other funds can be used in support of nonstructural shore erosion control projects as loans or grants. Currently, the law is being interpreted as restricting nonstructural shore erosion control projects only to general fund appropriations. Current law also restricts the maintenance of the fund to appropriations of general funds.

Nonstructural projects are those that primarily use vegetative methods and bioengineering systems to reduce wave energy and stabilize eroding areas. These projects are applicable to both tidal shorelines and freshwater stream banks. According to DNR, approximately 1,300 miles of tidal shoreline and 14,000 miles of freshwater stream banks within the State have erosion problems. Erosion results not only in the loss of land and the reduction of riparian buffer areas and wildlife habitat, but also in the contribution of sediment to Maryland waters. Increases in sedimentation lead to an increase in nutrient pollution and the degradation of water quality.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – January 25, 2001  
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