

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 480 (Senator Jimeno)
Economic and Environmental Affairs

Dredge Spoil - Redeposit - Cox Creek

This bill prohibits the Maryland Department of the Environment (MDE) from approving the redeposit of dredge spoil, except for Anne Arundel County tributary spoil, within five miles of the Maryland Port Authority's Cox Creek dredge disposal site in Anne Arundel County.

Fiscal Summary

State Effect: In the short term, the bill would not materially affect State operations or finances. In the long term, the bill could result in a significant increase in Transportation Trust Fund expenditures related to the placement of dredged material. The bill could also result in a decrease in the federal share of costs for the transportation of dredged material.

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

Small Business Effect: Potential meaningful.

Analysis

Current Law: Except for dredge spoil from local dredging projects initiated by Baltimore County in the waters of Baltimore County, MDE may not approve any contained area for the redeposit of spoil within five miles of the Hart-Miller-Pleasure Island chain in Baltimore County.

Background: Dredged material is collected as a result of the need to periodically dredge the bottom of the major approach channels to the Port of Baltimore, as well as the port

itself, to ensure that these waterways are deep enough to allow ships to enter and exit without scraping the bottom. According to the Maryland Port Administration (MPA), about 4 to 5 million cubic yards of material has to be dredged from the Chesapeake Bay annually to maintain shipping channels to Baltimore. Over time, the amount of dredged material is expected to increase to accommodate the increasing size of new ships. Additional dredged material will result from several planned channel improvement projects.

According to the MPA, the total amount of dredged material that will need to be disposed of from fiscal 2001 to fiscal 2020 is approximately 109 million cubic yards. Current placement capacity at existing sites, including the Cox Creek disposal site, is estimated at approximately 66 million cubic yards. The current estimated total capacity at Cox Creek is 6 million cubic yards. Currently, the MPA expects to dispose of a minimum of 500,000 cubic yards of dredged material at that site annually beginning in fiscal 2002. If the MPA's proposal to conduct innovative use at this site is fully implemented, annual capacity could reach approximately 2 million cubic yards.

State Fiscal Effect: The MPA advises that this bill would limit the long-term placement options for dredged material in the Cox Creek area. The MPA is currently considering several sites for the long-term placement of dredged material. For in-harbor materials, the MPA will need to identify a site that can replace the estimated capacity at Cox Creek (500,000 cubic yards for containment; up to 2 million cubic yards for innovative use) for use when the Cox Creek site is full. Although no sites have been selected yet, this bill would eliminate several of the sites that the MPA is considering. By eliminating in-harbor placement sites, the bill will likely result in a significant increase in transportation costs to transport dredged material to the next closest alternative. The MPA advises that the next closest alternatives range from approximately 15 miles to 50 miles away from the potential sites that would be prohibited as a result of this bill. Transportation costs for dredged material total \$.10 per mile per cubic yard. The actual increase in costs will depend on the alternative site that is chosen and the amount of dredged material placed there and cannot be predicted at this time. *For illustrative purposes*, assuming that the bill results in an increase in distance from 15 to 50 miles for the transportation of 500,000 cubic yards of dredged material annually, the bill could result in an increase in special fund expenditures for dredged material management by approximately \$750,000 to \$2.5 million annually in the long run. Based on the transportation of 2 million cubic yards annually, special fund expenditures could increase by approximately \$3 million to \$10 million annually in the long run.

The MPA also advises that the bill would most likely result in a loss of federal funds. While the federal government provides funds for the transportation of dredged material, it is not required to accept State law in determining the base costs it uses to calculate the

federal share of such costs. Accordingly, to the extent that the bill results in the use of an alternative site that is more costly than the base site used by the federal government, the federal cost share may be reduced.

MDE could handle the bill's requirements with existing budgeted resources.

Small Business Effect: If dredged material disposal sites are not identified and brought online within the next several years, dredging in the bay could be limited as there will be fewer sites on which to redeposit the spoil. This could result in the loss of cargo ships that can enter Baltimore Harbor. To the extent that this happens, any small business relying on the port for economic activity will be impacted.

Additional Information

Prior Introductions: Several bills relating to the deposit of dredged material were introduced during the 1999 and 2000 sessions. However, none of them related specifically to the Cox Creek area.

Cross File: HB 402 (Delegate Rosso, *et al.*) – Environmental Matters.

Information Source(s): Maryland Department of the Environment, Maryland Department of Transportation (Port Administration), Department of Legislative Services

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