

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

House Bill 1343 (Western Maryland Delegation)

Environmental Matters

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**Forest Mitigation Banks - Creation – Use of Federal Funds**

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This bill requires that the standards of the Department of Natural Resources (DNR) relating to forest mitigation banks must permit a person to use funds from the federal Conservation Reserve Enhancement Program or any other federal funds in order to create a forest mitigation bank. The bill requires DNR to adopt regulations to implement the bill by December 31, 2001.

The bill takes effect July 1, 2001.

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**Fiscal Summary**

**State Effect:** The bill's requirements could be handled with existing budgeted resources.

**Local Effect:** Any increase in workload could be handled with existing local resources.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** The Forest Conservation Act provides that before an application for sediment and erosion control or a subdivision is approved, a forest conservation plan must be approved for the site. This plan provides for forest retention on the site consistent with the established land use or through payment made into a local fund for afforestation or reforestation. If afforestation or reforestation cannot be reasonably accomplished in the county or watershed in which the project is located, then it must be accomplished through purchase of credits in, establishment, or maintenance of a forest

mitigation bank. DNR must develop standards and adopt regulations for the creation and use of forest mitigation banks, including criteria for tracking, crediting, maintaining, bonding, and reporting mitigation bank activities. A local jurisdiction may develop procedures for establishing forest mitigation banks as part of its forest conservation program. Mitigation banks may be permitted only in specified priority areas or as identified in a local comprehensive plan.

The federal Conservation Reserve Enhancement Program is a State-federal conservation partnership program targeted to specific State and nationally significant water quality, soil erosion, and wildlife habitat issues related to agricultural use. The program uses financial incentives to encourage farmers and ranchers to voluntarily enroll in contracts of 10 to 15 years to remove lands from agricultural production.

**Small Business Effect:** To the extent that a small business is required to establish a forest mitigation bank pursuant to current law, the bill could reduce the costs of development for those small businesses that are able to leverage federal funds for forest mitigation purposes.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, U.S. Department of Agriculture, Frederick and Montgomery counties, Department of Legislative Services

**Fiscal Note History:** First Reader – March 11, 2001  
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