

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

Senate Bill 605 (Senator Dyson)  
Economic and Environmental Affairs

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**Department of Natural Resources - Regional Boat Disposal Centers**

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This bill requires the Department of Natural Resources (DNR) to establish regional centers that provide for the proper disposal of privately owned distressed vessels. DNR must pay for 75% of the cost of the disposal of a vessel and the owner must pay the remaining 25%. DNR may adopt regulations to implement the bill.

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**Fiscal Summary**

**State Effect:** General fund expenditure increase of \$2.4 million in FY 2002 to establish regional centers for the disposal of distressed vessels. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating expenses. Potential decrease in special fund expenditures in future years for the current abandoned boat program. Revenues would not be affected.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2,356,800	560,700	576,300	593,000	610,600
SF Expenditure	0	-	-	-	-
Net Effect	(\$2,356,800)	(\$560,700)	(\$576,300)	(\$593,000)	(\$610,600)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Significant increase in local revenues and expenditures for local jurisdictions which contract with DNR.

**Small Business Effect:** Minimal. The bill is not anticipated to materially affect small businesses involved with the disposal of vessels. It is assumed that the bill would not

apply to the removal of vessels from marinas. It is also assumed that DNR will contract with publicly owned landfills to meet the requirements of the bill.

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## Analysis

**Current Law:** Current law provides for the removal of “abandoned vessels.” Abandoned vessel means any vessel that: (1) is left illegally or has remained without permission for more than 30 days on public property, including public marinas, docks, or boatyards; (2) has remained on private property, including private marinas, docks, or boatyards, for more than 180 days without the consent of the owner or person in control of the property; or (3) has been found adrift or unattended in or upon the waters of the State, and is found in a condition of disrepair so as to constitute a hazard or obstruction to the use of the waters of the State or presents a potential health or environmental hazard.

**Background:** DNR currently delegates its authority to remove and dispose of abandoned vessels to most local jurisdictions. Through its Abandoned Boat Program, DNR provides grants of up to \$30,000 per county each year to remove abandoned vessels. The fiscal 2001 budget includes \$300,000 for the program. The State sets aside a portion of the total budget to cover the costs of removing abandoned vessels in jurisdictions that have chosen not to have authority delegated to them.

**State Expenditures:** General fund expenditures could increase by an estimated \$2.4 million in fiscal 2002, which accounts for the bill’s October 1, 2001 effective date. This estimate reflects the cost of hiring two masters, one mate, two sailors, one conservation associate, and one office secretary to develop and administer the program and, in future years, to move some of the distressed vessels to the regional disposal centers established pursuant to the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses including contractual services to provide for the establishment of disposal centers at existing landfills across the State. The information and assumptions used in calculating the estimate are stated below:

- DNR will need to purchase a tugboat, barges, a dump truck, and other equipment in order to remove and transport vessels to landfills;
- DNR would contract with local governments to set up disposal centers at eight existing landfills; and
- the removal and disposal of distressed vessels will not begin until fiscal 2003.

Salaries and Fringe Benefits	\$148,500
Overtime	25,000
Vehicle and Vessel Equipment	1,122,700
Contractual Services	1,000,000
Other Equipment	50,000
Other Operating Expenses	<u>10,600</u>
<b>Total FY 2002 State Expenditures</b>	<b>\$2,356,800</b>

Future year expenditures reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase each year thereafter, with 3% employee turnover; (2) 1% annual increases in certain ongoing operating expenses; (3) an increase in operating expenses related to the removal of vessels by DNR; (4) the replacement of approximately \$10,000 in DNR equipment annually; and (5) contractual services to local governments of approximately \$175,000 annually for disposal costs and maintenance of equipment. Future year estimates assume:

- substantial travel and overtime;
- the disposal of approximately 100 distressed vessels annually, of which 50 vessels will be trailered by owners to disposal centers and 50 vessels will be removed by DNR and transported to disposal centers; and
- owners will pay 25% of disposal costs, as provided by the bill, and will make payments directly to affected landfills.

To the extent that landfills cannot obtain payment directly from owners, it is assumed that DNR would pay any additional disposal costs. If this occurs, general fund expenditures would increase correspondingly.

To the extent that the removal of distressed vessels reduces the number of vessels that are ultimately abandoned, special fund expenditures for DNR's Abandoned Boat Program could decrease. Any such decrease cannot be reliably estimated at this time.

**Local Fiscal Effect:** DNR advises that it would contract with local governments to set up and operate disposal centers at eight existing landfills. It is assumed that any costs incurred by local governments relating to the establishment and operation of the disposal centers would be reimbursed by DNR and vessel owners. In fiscal 2002, DNR anticipates contracting with local governments to set up disposal centers at a cost of approximately \$125,000 each, for a total of \$1 million. In future years, operating costs

are anticipated to total approximately \$200,000 (\$100,000 in disposal costs, of which DNR would pay \$75,000 and owners would pay \$25,000, and \$100,000 in maintenance and repair of equipment, which would be paid by DNR). If local governments are not able to obtain payments from owners, it is assumed that DNR would pay any unpaid costs.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – February 22, 2001  
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