

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 99 (Delegates Morhaim and Weir)

Environmental Matters

Chesapeake Bay Critical Area - Addition of Coastal Bays

This bill modifies the areas designated as being within the Chesapeake Bay Critical Area to include all coastal bays of the State.

Fiscal Summary

State Effect: General fund expenditure increase of \$118,900 in FY 2002 to add coastal bays to the critical area program. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating expenses and grants to local jurisdictions to offset local program costs. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	118,900	109,400	112,300	115,400	118,700
Net Effect	(\$118,900)	(\$109,400)	(\$112,300)	(\$115,400)	(\$118,700)

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

Local Effect: Increase in local grant revenues and expenditures of an estimated \$75,000 in FY 2002 (\$55,000 for Worcester County and \$20,000 for Ocean City) and \$55,000 annually thereafter (\$35,000 for Worcester County and \$20,000 for Ocean City) to develop and implement local critical area programs related to the coastal bays.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Each local jurisdiction has primary responsibility for developing and implementing a local critical areas program, subject to review and approval by the Chesapeake Bay Critical Areas Commission. Each year, the Governor must include money in the budget for grants to assist local jurisdictions with the reasonable costs of implementing such a program. The initial planning area for determination of the Chesapeake Bay Critical Area consists of: (1) all waters of and lands under the Chesapeake Bay and its tributaries to the head of tide as indicated on the State wetlands maps, and all State and specified private wetlands; and (2) all land and water areas within 1,000 feet beyond the landward boundaries of State or private wetlands and specified heads of tides. In determining the critical area within its boundaries, a local jurisdiction may exclude those portions of the planning area that meet specified conditions.

Background: Chapter 794 of 1984 established the Chesapeake Bay Critical Area Protection Program in the Department of Natural Resources to foster more sensitive development activity in a consistent and uniform manner along shoreline areas of the Chesapeake Bay and its tributaries so as to minimize damage to water quality and natural habitats. The commission currently provides grants to local jurisdictions of approximately \$750,000 annually to implement local critical area programs.

State Expenditures: General fund expenditures could increase by an estimated \$118,900 in fiscal 2002, which accounts for the bill's October 1, 2001 effective date. This estimate reflects the cost of hiring one natural resource planner for the Critical Area Commission to provide technical assistance to affected local governments and to review and comment on local subdivisions, site plans, re-zonings, special exceptions, and variances related to the coastal bays. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses including grants to local jurisdictions for program development and implementation. The information and assumptions used in calculating the estimate are stated below:

- Worcester County and Ocean City would be the only local jurisdictions affected by the bill;
- Worcester County currently has a critical area program but would need an additional \$55,000 grant in fiscal 2002 as a result of the bill (\$20,000 to prepare maps and \$35,000 for implementation); and
- Ocean City does not currently have a critical area program and would need a \$20,000 grant in fiscal 2002 to develop a local program.

Salary and Fringe Benefits	\$38,500
Grants to Local Jurisdictions	75,000
Equipment and Operating Expenses	<u>5,400</u>
Total FY 2002 State Expenditures	\$118,900

Future year expenditures reflect: (1) full salary 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 ongoing operating expenses; and (3) ongoing grants of an estimated \$55,000 annually (\$35,000 to Worcester County and \$20,000 to Ocean City).

Local Fiscal Effect: Worcester County and Ocean City would be the only jurisdictions affected by the bill. Pursuant to current law, the State must provide local jurisdictions with funds to develop and implement a local critical area program. Accordingly, any increase in local expenditures would be offset by an increase in grants from the State. Worcester County has had a local critical area program since 1988. The current program receives approximately \$5,000 annually in State funding. Because this bill would expand the program significantly, it is estimated that the county would need an additional \$55,000 in grants for fiscal 2002 (\$20,000 to develop new maps and \$35,000 for program implementation). Beginning in fiscal 2003, the county would need an estimated \$35,000 annually for implementation. Ocean City does not currently have a local critical area program. It is estimated that the city would need \$20,000 in grants annually beginning in fiscal 2002 to develop and implement a program.

Small Business Effect: By adding coastal bays to the critical area, the bill is anticipated to result in a decrease in the development of those areas. Accordingly, developers and builders could be affected. Presumably, most of the development that would otherwise occur in affected areas would be residential; however, any small businesses wishing to expand or locate in areas affected by the bill could potentially be prohibited from doing so.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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