

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 219 (Delegate D'Amato, *et al.*)
Environmental Matters

Maryland Water Trails Development Program

This bill establishes a Maryland Water Trails Development Program in the Department of Business and Economic Development (DBED) to develop State-designated recreational water trails. The bill creates and describes the composition and duties of a steering committee and authorizes the development of facilities, a marketing strategy, and a sponsorship system for water trail sites. The bill also provides for the designation of water trails eligible for State support and local tax incentives as well as immunity from civil liability for landowners and operators.

The bill takes effect July 1, 2001. The bill provides that the steering committee will terminate on June 30, 2003.

Fiscal Summary

State Effect: General fund expenditure increase of \$87,900 in FY 2002 to implement the water trails program. Future year expenditures reflect annualization, are adjusted for inflation, include ongoing consultant services in FY 2003 and, beginning in FY 2004, include contractual services to publish guidebooks and maps. Future year estimates do not include any additional costs that DBED could incur to construct and maintain facilities or to purchase land needed for water trail sites. Any such costs could be significant.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	87,900	114,300	142,100	147,400	153,000
Net Effect	(\$87,900)	(\$114,300)	(\$142,100)	(\$147,400)	(\$153,000)

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

Local Effect: Potential decrease in county and municipality real property tax revenues.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The purpose of the program is to: (1) develop State-designated recreational water trails in Maryland; (2) determine the most appropriate types of watercraft for use on specific water trails based on the characteristics of the watercraft and the water trails; (3) work with public and private landholders to establish campsites and water access in appropriate areas and to coordinate a system of management for the water trails and campsites; (4) encourage the development of the State's tourism resources through the promotion of State-designated water trails; and (5) promote the long-term stewardship of Maryland's marine environment, assuring its conservation and maintenance in a natural state, while providing exceptional educational and recreational benefits of the program to the general public. The bill:

- directs DBED to establish a Water Trails Steering Committee (the committee);
- directs the committee to:
 - study and survey water trails already under development;
 - examine successful water trail programs in other states;
 - perform baseline studies on the feasibility of establishing water trails;
 - create a long-term plan for a statewide water trail program;
 - study access needs and develop access plans for proposed and existing water trails;
 - examine the feasibility of linking proposed water trails with existing and developing hiking and biking trails;
 - determine the feasibility of creating central water trail hubs;
 - recommend legislation and regulations needed to administer the water trails program, including future management options;
 - submit a preliminary report of its findings to the General Assembly and the Governor by December 1, 2001; and
 - submit a final report of its findings to the General Assembly and the Governor by December 1, 2002.
- requires the Secretary of DBED to chair the committee;
- requires DBED to provide staff support for the committee with assistance from the Department of Natural Resources (DNR);
- authorizes DBED to plan, construct, and maintain facilities;
- authorizes DBED to develop agreements with federal, State, or local government units and nongovernmental entities;

- authorizes DBED to develop and manage a sponsorship program of water trail sites;
- authorizes DBED to jointly develop an information dissemination and marketing strategy with DNR;
- authorizes DBED to adopt regulations necessary to implement the above provisions;
- requires the State, upon recommendation of the Secretary of DBED, to officially designate and name particular water trails eligible for State support and county or municipal tax incentives;
- provides landowners and operators of water trails with immunity from civil liability; and
- authorizes the governing body of a county or municipal corporation to grant a property tax credit for an easement allowing access to a water trail.

Current Law: None applicable.

Background: The Maryland Greenways Commission has been working since 1990 to establish a statewide network of trails and natural corridors. In response to interest by local governments and the public, the Greenways Commission added water trails to its program in 1999. According to DNR, Greenways Commission staff, in cooperation with local governments, have mapped approximately 600 miles of water trails and have published the results in the *Atlas of Greenways, Water Trails, and Green Infrastructure*.

DNR staff is currently engaged in a number of activities related to water trails. Water trail planning and development is a feature of DNR's Nature Tourism Program in which DNR works with DBED and county tourism offices to establish and market local water trails. Establishing more water trails is also a goal included in the new Chesapeake Bay Agreement, Chesapeake 2000, which sets the long-term strategy for the restoration of the Chesapeake Bay and its tributaries. Specifically, Chesapeake 2000 calls for an increase of 500 miles in the number of designated water trails in the Chesapeake Bay region by 2005.

At the federal level, the Chesapeake Gateways and Water Trails program was established as a result of the Chesapeake Bay Initiative Act of 1998. The Act provides for technical and financial assistance to:

- identify, restore, and interpret the Chesapeake Bay region's cultural, historical, natural, and recreational resources;
- identify gateways for enhancing public education of and access to the Chesapeake Bay;
- develop water trails within the Chesapeake Bay watershed; and

- link gateways with trails, tour roads, scenic byways, and water trails.

State Fiscal Effect: General fund expenditures could increase by an estimated \$87,900 in fiscal 2002 to implement the new water trails program, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one natural resource planner and 1/2 administrative aide to: (1) staff the committee; (2) provide program administration; (3) examine programs in other states; (4) prepare a long-term plan for a statewide program; (5) study access needs and develop access plans; (6) determine the feasibility of creating central water trail hubs; (7) recommend legislation and regulations; (8) assess the ecological impacts of increased recreational use and facilities on waterways; and (9) prepare the required reports. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including contractual services for a consultant to travel to potential water trail sites to perform baseline feasibility studies, including an analysis of: (1) potential routes; (2) existing property ownership; and (3) required facilities. The estimate assumes that the consultant will perform approximately four feasibility studies annually.

Salaries and Fringe Benefits	\$60,300
Contractual Services	19,500
Equipment	4,600
Other Operating Expenses	<u>3,500</u>
Total FY 2002 Administrative Expenditures	\$87,900

Out-year estimates of general fund expenditures are annualized and reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase each year thereafter, with 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses. In fiscal 2003 only, the estimate includes \$26,300 in ongoing consultant services. Beginning in fiscal 2004, the estimates include \$50,000 in contractual services to publish guidebooks and maps of water trails. Because it is unknown to what extent DBED will require additional facilities or land to establish water trails, out-year estimates do not include any future costs that DBED could incur to construct and maintain facilities or to purchase land, as authorized by the bill. Any such costs could be significant.

DNR could handle any increase in workload with existing resources.

Local Revenues: The magnitude of any decrease in property tax revenues depends on the extent to which the counties and municipalities decide to grant this credit. Because the amount and duration of the tax credit as well as the criteria and qualifications

necessary to receive the credit would be determined at a later date, the bill's effect on revenues cannot be reliably estimated at this time.

State Business Effect: The bill will not directly affect small businesses. However, some small businesses located near designated water trails, such as restaurants, outfitters, and watercraft or equipment vendors, might benefit from an increase in demand for their services. Some small businesses benefit from increased activity along newly established land-based trails, and DBED and DNR expect a similar effect along water trail courses. DNR advises that the new water trail at Jane's Island, for example, increased the revenues for a local kayak outfitter by more than \$4,000 during the summer and fall of 1999.

Additional Information

Prior Introductions: Similar legislation was introduced during the 2000 session as SB 30/HB 46. SB 30 passed the Senate with amendments and was referred to the House Environmental Matters Committee. HB 46 received an unfavorable report by the House Environmental Matters Committee.

Cross File: SB 170 (Senator Astle, *et al.*) – Finance.

Information Source(s): Department of Natural Resources, Department of Business and Economic Development, Department of Legislative Services

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Analysis by: Lesley Frymier

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510