

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1060 (Delegate Dembrow)
Environmental Matters

Natural Resources - Forest Resources - Forest Resource Plan

This bill requires the Department of Natural Resources (DNR), in developing, reviewing, and revising the forest resource plan required under current law (as it relates to public and private forest land resources), to consider as primary goals the long-term preservation and conservation of the forest land resources, including wildlife, fish, and plant communities, and streams, water supplies, and watersheds.

Fiscal Summary

State Effect: Potential significant decrease in special fund revenues to the extent that the bill reduces timber harvesting on State lands.

Local Effect: Potential significant decrease in local revenues from the State Forest or Park Reserve Fund to the extent that the bill reduces timber harvesting on State lands.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: In developing, reviewing, and revising the plan as it relates to public forest land resources, DNR may, as appropriate, provide for the recreational use of forests and the sustainable yields of forest products on forest lands. In developing, reviewing, and revising the plan as it relates to private forest land resources, DNR must consider the primary goals set forth in the bill, consider the desires of individual forest landowners, and encourage private forest landowners to provide for a sustained yield of forest resources.

Current Law: DNR must develop a system for long-range renewable forest resources planning. DNR must examine and periodically inventory the public and private forest land resources of Maryland, including, but not limited to, wood fiber, forest recreation, wildlife, fish, forest watershed, and wilderness potential. As part of the forest resource planning process, DNR must periodically develop, review, and revise a resource plan that will help to provide for a sustained yield of forest resource benefits for the citizens of the State. The forest resource plan must be made available for public and legislative review and comment.

All revenues generated from State forests and parks are paid into the State Forest or Park Reserve Fund. Each county in which any State forest or park reserve is located annually receives 15% of the revenue derived from the State forest or park reserve located in that county. Each county in which the forest or park reserve comprises 10% or more of the total land area of that county receives 25% of the revenue derived from the State forest or park reserve located in that county.

Background: The State Forest and Park Service within DNR is committed to the preservation and protection of public lands. Land management activities and acquisitions, and stewardship and conservation goals, help DNR protect wetlands, forest corridors and habitat of threatened species; enhance biological diversity of native plants and animals; and preserve historical and cultural resources while supporting responsible growth. Managing forest resources ensures the continuation of many forest benefits including improved water quality, wildland species and habitat diversity, recreation, timber, aesthetics, and air quality.

According to a recent forest survey, Maryland has 2.7 million acres of forest land, 40% of the State's total acreage. Private landowners own 90% of Maryland's forest land. According to DNR, Maryland households spend over \$454 million annually on wood products produced from trees. Wages and salaries of individuals involved in the manufacture of goods and services in the wood industry amount to \$327.8 million annually.

State Fiscal Effect: Although the bill does not prohibit timber harvesting on public lands, it reassigns its priority with respect to the management of those lands. Until DNR reviews affected forest resource plans, a reliable estimate of any impact on State finances cannot be made. However, to the extent that the bill reduces timber harvesting on State lands, special fund revenues into the State Forest or Park Reserve Fund would decline.

Although the total revenue generated from timber sales on State lands varies from year to year depending on timber prices and the amount of timber sold, DNR advises that it

generates an estimated \$2 million to \$2.5 million annually in timber sales from five State forests where most of the timber harvesting is conducted. (This does not include the recently acquired Chesapeake Forest, which encompasses 58,000 acres on the Eastern Shore; timber sales from that forest are estimated at \$1 million annually).

Local Revenues: Each county in which any State park is located receives 15% of the revenue derived from the State forest or park reserve located in that county. Each county in which the forest or park reserve comprises 10% or more of the total land area of that county receives 25% of the revenue derived from the forest or park reserve located in that county. To the extent special fund revenues decrease as a result of the bill, local revenues will decrease as well. DNR advises that with respect to timber sales from the five State forests where most of the timber harvesting is conducted, payments to counties total approximately \$500,000 to \$600,000 annually (not including payments relating to timber sales from Chesapeake Forest; those payments will total an estimated \$150,000 annually).

Small Business Effect: According to DNR, many of the businesses dependent on timber harvesting are small businesses. Small businesses engaged in timber harvesting, as well as those in the wood products industry, would be affected if the bill reduces timber harvesting.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2002
mam/jr

Analysis by: Lesley Frymier

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