

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 391 (Senator Pipkin)
Education, Health, and Environmental Affairs

Environment - Dredged Material Management - Duties of Executive Committee

This bill requires the executive committee that provides oversight in the development of the State's plans for dredged material management to, in conjunction with stakeholders, review the State's dredging needs and placement requirements and recommend to the Governor novel and innovative methods of minimizing the quantities of dredged material while sustaining maritime commerce in the Port of Baltimore.

Fiscal Summary

State Effect: A reliable estimate of the bill's impact cannot be made at this time because it depends largely on the level of review conducted by the executive committee. Because the Maryland Port Administration (MPA) has already identified the State's dredging needs, it is possible that the committee could conduct a short review of those needs with existing resources. State finances could be affected to the extent that a more thorough review is conducted and results in a delay in the State's dredging program, however.

Local Effect: The bill would not directly affect local government operations or finances.

Small Business Effect: Potential meaningful. Any small business that relies on the port for economic activity would be affected by any decrease in dredging to the extent it limits the ability of ships to enter the port.

Analysis

Current Law: The Dredged Material Management Act of 2001 (Chapter 627) established a six-person executive committee responsible for reviewing and

recommending options for meeting both short- and long-term dredged material placement capacity needs.

Background: MPA is charged with enhancing maritime commerce in the State. As part of that responsibility, MPA, in conjunction with the U.S. Army Corps of Engineers, coordinates maintenance of the Port of Baltimore's channel system. MPA also identifies, coordinates, and implements a program of channel system improvements needed to preserve and improve the port's competitive capability within the international maritime community.

Dredged material is collected as a result of the need to periodically dredge the bottom of the major approach channels to the port, as well as the port itself, to ensure that these waterways are deep enough for ships. About 4.0 million cubic yards (mcy) of material has to be dredged from the Chesapeake Bay annually to maintain shipping channels to Baltimore. Additional dredged material is anticipated from improvement projects. According to MPA, the total amount of dredged material that will need to be disposed of over the next 20 or more years is approximately 107 mcy. Current placement capacity at existing sites is estimated at approximately 51 mcy. The Governor's proposed fiscal 2004 budget includes \$20.7 million in special funds for dredged material placement and monitoring and \$7.6 million for dredged material disposal and management.

Pursuant to Chapter 627 of 2001, the executive committee submitted a report to the General Assembly in December 2002 on the progress made in identifying placement options to address identified needs. The report lists a total of 27 placement options, 12 of which have been designated for advanced study. Site-specific recommendations are expected by the end of calendar 2003.

State Fiscal Effect: The impact of the bill on State finances depends largely on the level of review conducted by the executive committee. Because MPA has already identified the State's dredging needs, it is possible that the executive committee could conduct a short review of those needs with existing resources. MPA advises, however, that the executive committee has spent about \$8 million and almost two years studying placement options for dredged material based on dredging needs already identified. Under this bill, MPA advises that the executive committee would be required to completely reexamine those needs, which MPA believes could take two to three years and result in a net increase in Transportation Trust Fund (TTF) expenditures in fiscal 2004 and 2005 (and possibly fiscal 2006). Further, MPA advises that because placement strategy and the selection of placement options are tied closely to dredging needs, as long as dredging needs are not settled, final selection and design of options will be delayed. MPA advises that the implementation of new placement options, on average, takes 12 years. Based on dredging needs already identified, current placement capacity is expected to be exhausted

in fiscal 2009. Any additional delay could have a significant impact on the State's ability to dredge; any decrease in dredging would reduce TTF expenditures and, presumably, result in a loss of federal funds.

It is unclear to what extent the committee's recommendations regarding dredging needs will result in a decrease in the amount of dredging that would otherwise occur. Although the bill requires the executive committee to recommend methods of minimizing the quantities of dredged material, the bill also provides that the committee's recommendations must sustain maritime commerce in the port. However, MPA advises that *any* loss of depth in channels will result in reduced drafts of vessels and loss of business to the port. In addition, the U.S. Army Corps of Engineers sets design criteria for federally-maintained channels. Accordingly, any consideration of minimizing dredging in the Bay would be reviewed at the federal level. To the extent the committee's recommendations do result in a decrease in the amount of dredging that occurs, however, TTF expenditures for the State's dredging program would decrease. Federal funds would likely also be affected.

Additional Information

Prior Introductions: None.

Cross File: HB 996 (Delegate Walkup, *et al.*) – Rules and Executive Nominations.

Information Source(s): Maryland Department of Transportation (Maryland Port Administration), Maryland Department of the Environment, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2003
mam/jr

Analysis by: Lesley Frymier

Direct Inquiries to:
(410) 946-5510
(301) 970-5510