

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 640 (Senator Astle)  
(Department of Natural Resources Special Funds Workgroup)  
Education, Health, and Environmental Affairs Appropriations

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**Natural Resources - Special Funds and Accounts - Administrative Costs**

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This bill explicitly authorizes the Department of Natural Resources (DNR), unless otherwise authorized by statute, to use money in a fund or account established under the Natural Resources Article for administrative expenses directly relating to the purposes of the fund or account. Money in a fund or account could be used for such expenses up to an amount calculated under a generally accepted methodology for determining indirect costs. DNR must submit any changes to its methodology to the House Appropriations Committee and the Senate Budget and Taxation Committee for review and comment prior to implementing the change. The bill modifies several statutory provisions within the Natural Resources Article to authorize the use of various special funds and accounts for administrative expenses.

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**Fiscal Summary**

**State Effect:** None. The bill codifies current practice.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Statutory provisions regarding the use of special funds by DNR for administrative expenses exist only for specified special funds. Most of the special funds and accounts administered by DNR do not explicitly authorize the department to use the funds and accounts for administrative expenses.

**Background:** Due to concerns regarding DNR's use of its special funds, committee narrative in the *2002 Joint Chairmen's Report* requested the establishment of a workgroup to study DNR's special funds, the statutory requirements for each fund, the appropriate level of administrative expenses to be deducted from each fund, streamlining measures that could be taken to reduce the special fund tracking burden on DNR, and whether DNR is using its special funds appropriately.

The workgroup reported its findings and recommendations to the budget committees in January 2004. Among other things, the workgroup recommended that legislation be proposed to codify DNR's current practice with respect to the use of special funds for administrative expenses. Currently, DNR charges indirect costs to special funds and accounts on an annual basis to cover the expenses associated with administering the funds. DNR's current methodology has been consistently applied over several years and has been deemed reasonable by the Office of Legislative Audits. This bill is a direct result of the workgroup's recommendation to codify DNR's current practice regarding the use of special funds for administrative expenses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1258 (Delegate Conway, *et al.*) (Department of Natural Resources Special Funds Workgroup) – Appropriations.

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

**Fiscal Note History:** First Reader - February 25, 2004  
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