

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 292 (Senator Stoltzfus)
 Education, Health, and Environmental Affairs

Chesapeake Forest Lands - Public Access and Private Hunting Clubs - Lease Agreements

This bill repeals an uncodified provision of current law stating the intent of the General Assembly that the Department of Natural Resources (DNR) open to public hunting at least half the total acreage leased for hunting to private individuals on the Chesapeake Forest Lands properties by the 2005-2006 hunting season. The bill authorizes DNR to lease parcels of land to private hunting clubs from September through January of each year, subject to specified requirements. The bill provides that parcels subject to lease agreements must be open to the public from February through August of each year.

Fiscal Summary

State Effect: Special fund revenues from lease payments would increase by approximately \$225,000 annually beginning in FY 2005; payments to counties from those revenues would total approximately \$33,800 annually beginning in FY 2006. Special fund expenditures could decrease significantly in FY 2005 and FY 2006.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
SF Expenditure	(-)	(-)	33,800	33,800	33,800
Net Effect	\$225,000	\$225,000	\$191,200	\$191,200	\$191,200

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

Local Effect: Caroline, Dorchester, Somerset, Wicomico, and Worcester counties would receive 15% of the State revenues generated by the Chesapeake Forest Lands lease payments, estimated at a total of \$33,800 annually beginning in FY 2006.

Small Business Effect: None.

Analysis

Bill Summary: Lease agreements must be for a term of five years and must contain an exclusive right-of-entry provision for the time period of the lease. The contract amount for a lease agreement must be the fair market value, taking into consideration the size and location of the parcel of land covered by the agreement. A private hunting club that leases a parcel of land is responsible for maintaining roads, signs, and gates within the parcel of land covered in the agreement. If a private hunting club that has a lease agreement with DNR has an opening in the membership of the club, the club must notify DNR of the opening. DNR must then post notice of the opening on its web site.

Current Law: Chapter 177 of 2002 simplified the hunting license and stamp structure within DNR and increased associated fees. Chapter 177 also stated that it is the intent of the General Assembly that DNR use special fund revenue generated as a result of the licensing fee increases, as appropriate, to open to public hunting at least half the total acreage that is leased for hunting to private individuals on the Chesapeake Forest Lands properties by the 2005-2006 hunting season. DNR must include in its annual report the progress made in public hunting opportunities.

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.

Background: The Chesapeake Forest Lands consist of 58,172 acres of State-owned forest land on the Eastern Shore. The lands were part of a 1999 divestment by the Chesapeake Forest Products Corporation. DNR purchased half of the land directly, while the Conservation Fund purchased the other half, transferring the land to the State in December 2000. Although the Chesapeake Forest Lands are State-owned, they are managed on a daily basis by a private forestry firm. The forest is governed by a sustainable management plan designed to meet environmental goals while contributing to the local economy.

Almost all of the Chesapeake Forest Lands are leased for hunting to private hunt clubs. Pursuant to Chapter 177, approximately 27,705 acres of the forest are slated to be opened for public hunting. As of the 2003-2004 hunting season, DNR had opened approximately 1,650 acres. DNR advises that, in order to open the rest of the acreage, DNR must paint and post 253 miles of State property boundary lines, install or refurbish 55 designated parking areas, install 200 standard farm-style gates and signs at access points, remove

approximately 440 tons of trash, and dismantle and remove approximately 200 existing hunting structures.

State Fiscal Effect: In order to open to public hunting at least 50% of the land that is leased to private hunt clubs by the start of the 2005-2006 hunting season, DNR advises it must stop leasing that land the year before so that it may prepare the land to be opened. By allowing DNR to continue leasing the land, special fund revenues from lease payments would increase by approximately \$225,000 annually beginning in fiscal 2005. This estimate is based on an average fair market value of \$8 per acre, even though the hunt clubs would only have exclusive use of the land from September through January.

Pursuant to statute governing the State Forest or Park Reserve Fund, 15% of the revenue generated from the Chesapeake Forest Lands lease payments is paid to the counties in which the forest is located (Caroline, Dorchester, Somerset, Wicomico, and Worcester counties). By allowing lease payments to continue, payments to counties would total an estimated \$33,750 annually beginning in fiscal 2006. (Although the additional revenues would accrue to the State beginning in fiscal 2005, DNR advises that payments to counties are typically made at the beginning of the next fiscal year.)

Costs DNR would otherwise incur for preparing the land to be opened for public hunting would decrease in fiscal 2005 and 2006. Any such decrease cannot be reliably estimated at this time, but could be significant. It is assumed that this cost savings would more than offset the estimated payments to counties from the State Forest or Park Reserve Fund in fiscal 2006.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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