

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 1263

(Delegate Walkup, *et al.*)

Environmental Matters

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**Dredge Deposits - Creation of Artificial Islands in the Chesapeake Bay -  
Prohibited Use as Part of Management Plan**

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This bill provides that the deposit of dredged material to create “artificial islands” in the Chesapeake Bay may not be part of any plan or program for the management of materials dredged from the navigation channels of the Chesapeake Bay or the Port of Baltimore.

“Artificial island” means any new island created or formed by the mechanical dumping or depositing of dredge material in the Chesapeake Bay. The bill does not prohibit or restrict the deposit of dredged material to restore or repair an “historical natural island,” defined as a geological footprint of an island that once existed in the waters of the Chesapeake Bay and has been severely damaged or diminished due to extensive erosion.

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**Fiscal Summary**

**State Effect:** In the short term, the bill would not materially affect State operations or finances. In the long term, the bill could result in a significant increase in Transportation Trust Fund expenditures related to the placement of dredged material. The bill could also result in a decrease in the federal share of costs for the transportation and/or placement of dredged material.

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

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** The placement of dredged material is limited to one open water site and containment facilities permitted by the Maryland Department of the Environment.

**Background:** Dredged material is collected as a result of the need to periodically dredge the bottom of the major approach channels to the Port of Baltimore, as well as the port itself, to ensure that these waterways are deep enough for ships. According to the Maryland Port Administration (MPA), 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 104 mcy. Current placement capacity at existing sites is estimated at approximately 54 mcy (with dike raising at Poplar Island). The Governor's proposed fiscal 2005 budget includes \$16.0 million in special funds for dredged material placement and monitoring and \$10.9 million for dredged material disposal and management.

The Dredged Material Management Act of 2001 (Chapter 627) established an executive committee responsible for reviewing and recommending options for meeting both short- and long-term placement capacity needs. Pursuant to Chapter 627, the committee submitted a report to the General Assembly in December 2002 on the progress made in identifying placement options. The report listed a total of 27 placement options, 12 of which were designated for advanced study. The executive committee has since reduced the number of placement options recommended for further study to five site-specific options (two for material dredged from bay channels – James Island and Barren Island – and three for material dredged from Baltimore Harbor channels – Masonville and BP Fairfield in Baltimore City and Sparrows Point in Baltimore County). In addition, the committee has recommended the expansion of the existing Poplar Island site (for material dredged from bay channels); continued development of the Cox Creek site in Anne Arundel County (for material dredged from Baltimore Harbor channels); and continued investigation of innovative use of dredged material as a long-term option.

Although no artificial island option is on the list for further study at this time, artificial island sites remain a category on the overall options list and could be selected for study at a future date. According to MPA, eight of the 27 options listed in the executive committee's 2002 report would be considered artificial island sites under the bill.

**State Expenditures:** Based on the list of options currently recommended for further study, the bill would not materially affect State operations or finances, as none of those options are considered artificial islands. However, several artificial island sites remain on the overall list of future options. Accordingly, while the bill would not have an immediate impact on the dredging program, it would prohibit MPA from considering the use of artificial island sites in the future.

MPA advises that the average cost of the 27 options listed in the 2002 report, including artificial island sites, is approximately \$14 per cubic yard. The average cost of remaining

options, if artificial islands are excluded, is approximately \$19 per cubic yard. (MPA advises that the average cost of artificial island sites is approximately \$11 per cubic yard.) The bill could thus result in a \$5 per cubic yard increase in overall placement costs. Based on the annual cost of maintaining the approach channels (not including any additional dredging projects), an increase in \$5 per cubic yard translates to an increase in costs of about \$20 million annually for the placement of dredged material.

Federal funds could also be affected. While the federal government provides funds for the transportation and/or placement of dredged material, it is not required to accept State law in determining the base costs it uses to calculate the federal share of such costs. Accordingly, to the extent that the bill results in the use of an alternative placement site that is more costly than the base site used by the federal government, the federal cost share could be reduced.

**Small Business Effect:** If dredged material disposal sites are not identified and brought online within the next several years, dredging in the bay could be limited as there would be fewer sites on which to redeposit the dredged material. This could result in the loss of cargo ships able to enter Baltimore Harbor. If this happens, any small business relying on the port for economic activity would be impacted.

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### **Additional Information**

**Prior Introductions:** Similar legislation was introduced as SB 420/HB 689 of 2003. The Senate Education, Health, and Environmental Affairs Committee held a hearing on SB 420, and the House Environmental Matters Committee held a hearing on HB 689. No further action was taken.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 8, 2004  
mam/ljm

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