

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

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 1414 (Delegate Conway)  
 (Department of Natural Resources Special Funds Workgroup)  
 Environmental Matters and Appropriations Education, Health, and Environmental Affairs

**Department of Natural Resources - Administration of Special Funds and Accounts**

This bill updates the statutory provisions governing several special funds and accounts administered by the Department of Natural Resources (DNR) to be consistent with current legislative drafting guidelines. While most of these changes are technical in nature, the bill provides that specified special funds within DNR will accrue the interest earned on the accounts.

The bill takes effect July 1, 2004.

**Fiscal Summary**

**State Effect:** General fund revenue decrease of \$8,000 annually beginning in FY 2005 due to the changes regarding interest earnings. Special fund revenues will increase correspondingly. Expenditures would not be materially affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GF Revenue	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
SF Revenue	8,000	8,000	8,000	8,000	8,000
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

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

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

**Small Business Effect:** None.

## Analysis

**Current Law:** Interest earned on some of DNR's special funds, including the Fisheries Research and Development Fund, the Fisheries Management and Protection Fund, the Wildlife Management and Protection Fund, the Wildlife Habitat Incentive Fund, and the Upland Wildlife Habitat Fund, is paid into the appropriate special fund. Interest earned on other special funds is paid into the general fund.

**Background:** 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. During the course of its work, the workgroup found that the statutory language governing DNR's special funds is inconsistent. In addition, in many cases, the language does not conform to current special fund drafting guidelines. For example, not all of the statutes contain the standard language indicating that a fund is nonlapsing, although all the funds are treated as such. In addition, some provisions state that investment income must be deposited into the appropriate special fund, while others do not. 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 make the statutory language governing DNR's special funds more consistent. This bill is a direct result of that recommendation.

**State Fiscal Effect:** The bill provides that three special funds (Fair Hill Improvement Fund, Somers Cove Marina Improvement Fund, and Deep Creek Lake Recreation Maintenance and Management Fund) will accrue interest earnings. Currently, interest earnings of those funds are paid into the general fund. Projected fiscal 2005 interest earnings on these funds total approximately \$8,000; accordingly, special fund revenues would increase minimally and general fund revenues would decrease correspondingly.

The bill's other provisions merely codify current practice.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 859 (Senator Astle) (Department of Natural Resources Special Funds Workgroup) – Education, Health, and Environmental Affairs and Budget and Taxation.

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

**Fiscal Note History:** First Reader - March 9, 2004  
ncs/ljm Revised - House Third Reader - April 6, 2004  
Revised - Enrolled Bill - May 6, 2004

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