

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 19 (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. According to MPA, the Port of Baltimore generates \$1.4 billion in revenue annually and employs nearly 126,700 Marylanders in maritime-related jobs.

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 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.

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 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.

MPA advises that it has initiated an effort to provide a forum for discussion of dredging needs to provide the public with the opportunity to interact with MPA and voice their interests and concerns relating to dredging and dredged material placement.

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 \$12 million and almost three 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 2005 and 2006 (and possibly fiscal 2007). 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: Identical legislation was introduced during the 2003 session as SB 391/HB 996. The Senate Education, Health, and Environmental Affairs Committee held

a hearing on SB 391, but no further action was taken. HB 996 was referred to the House Rules and Executive Nominations Committee, but 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 Legislative Services

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