

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 859 (Senator Astle)
(Department of Natural Resources Special Funds Workgroup)
Education, Health, and Environmental Affairs and Budget and Taxation

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 \$66,300 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	(\$66,300)	(\$66,300)	(\$66,300)	(\$66,300)	(\$66,300)
SF Revenue	66,300	66,300	66,300	66,300	66,300
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. 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 Revenues: Based on information provided by DNR, estimated fiscal 2004 interest earnings on DNR funds affected by the bill will total \$136,455. Of that amount, \$66,325 will be deposited into the general fund. Under this bill, those monies would instead remain in the appropriate special funds within DNR. The 2004 estimates assume that income is expended evenly as earned throughout the year; interest is compounded and posted to reserve accounts monthly; and interest rates are approximately 1.33%. Although interest rates vary, based on fiscal 2004 estimates, the bill would result in a decrease in general fund revenues of \$66,325 annually beginning in fiscal 2005. Special fund revenues would increase correspondingly.

Additional Information

Prior Introductions: None.

Cross File: HB 1414 (Delegate Conway) (Department of Natural Resources Special Funds Workgroup) – Environmental Matters and Appropriations.

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

Fiscal Note History: First Reader - March 9, 2004
ncs/ljm Revised - Updated Information - April 6, 2004

Analysis by: Lesley Cook

Direct Inquiries to:
(410) 946-5510
(301) 970-5510