

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 465

(Delegate Edwards)

Environmental Matters

Education, Health, and Environmental
Affairs

Natural Resources - Forest or Park Reserve Fund - Payments to Counties

This emergency bill modifies provisions governing annual payments to counties from the State Forest or Park Reserve Fund. Instead of receiving a percentage of the *net* revenue derived from the State forest or park reserve in a county, a county would receive a percentage of the *gross* revenue.

Fiscal Summary

State Effect: None. Payments to counties would continue to be based on gross revenues, as is assumed in the Governor's proposed FY 2006 budget.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: 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 *net* revenue derived from the reserve located in that county. If the forest or park reserve comprises 10% or more of its total land area, the county annually receives 25% of the *net* revenue derived from the reserve.

Background: The refund to counties of a portion of revenues from State forests and parks was established to offset property tax revenues that counties would have received if those lands were held privately.

Chapter 550 of 2004, which made several changes to the Natural Resources Article, erroneously modified the provision governing payments to counties by providing that payments to counties would be based on net, rather than gross, revenues. Historically, the payments to counties have been based on gross revenues. According to the Department of Natural Resources (DNR), because this error was not discovered until after the Governor's proposed fiscal 2006 budget had been submitted, the proposed budget assumes payments to counties based on gross revenues.

According to DNR, payments to counties are anticipated to total approximately \$1.8 million in fiscal 2005 and \$2.0 million in fiscal 2006.

State/Local Fiscal Effect: This bill would simply provide for the continuation of payments to counties based on gross revenues, as is assumed in the Governor's proposed fiscal 2006 budget.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 17, 2005
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