

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 1512

(Delegate V. Clagett)

Health and Government Operations and Environmental Matters

Education, Health,  
and Environmental  
Affairs

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Procurement - Chesapeake Bay Trust - State Contracts and Grants

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This bill exempts from State procurement law specified contracts and grants awarded by a unit of State government to the Chesapeake Bay Trust. The trust, however, would then be subject to State procurement law with respect to those contracts and grants.

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Fiscal Summary

**State Effect:** The bill would not materially affect State finances; however, the bill could have a positive impact on State operations to the extent it enhances the ability of affected agencies to implement restoration projects. For example, the Maryland Department of the Environment advises that by allowing the department to work with the trust, the bill could enhance its ability to implement environmental restoration projects in the areas of wetlands, streams, and urban stormwater retrofits.

**Local Effect:** No direct effect.

**Small Business Effect:** No direct effect.

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Analysis

**Current Law:**

*Chesapeake Bay Trust*

The trust is a private, nonprofit organization established by the General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the water quality and aquatic and land resources of the Chesapeake Bay and other aquatic and land resources of the State. The trust is subject to provisions of the State Finance and Procurement Article to the extent of State appropriations, if any. Contracts and grants awarded by State agencies to the trust are generally subject to State procurement law, unless the State agency making the contract or grant is exempt.

#### *Exemptions from State Procurement Law*

The University System of Maryland, Morgan State University, and St. Mary's College of Maryland are exempt from most provisions of State procurement law. State law also exempts other agencies, in whole or in part, from State procurement law, including:

- Blind Industries and Services of Maryland;
- Maryland State Arts Council;
- Maryland Health and Higher Educational Facilities Authority;
- Department of Business and Economic Development;
- Maryland Food Center Authority;
- Maryland Public Broadcasting Commission;
- Maryland State Planning Council on Developmental Disabilities;
- Maryland Automobile Insurance Fund;
- Maryland Historical Trust;
- Rural Maryland Council;
- Maryland State Lottery Agency;
- Maryland Health Insurance Plan;
- Maryland Energy Administration;
- Maryland Developmental Disabilities Administration;
- Maryland Stadium Authority; and
- State Retirement and Pension System.

Transfers between State agencies are also exempt from State procurement law.

**Background:** To date, the trust has made over 7,500 grants to water quality monitoring, wetlands restoration, oyster seeding, tree plantings, educational experiences, and other projects. In 2007, the trust awarded over \$4.2 million to 443 grantees in every county in Maryland. The majority of the trust's funding comes from three sources: ● sales of

*Treasure the Chesapeake* license plates; • donations from Maryland's Chesapeake Bay and Endangered Species Fund income tax check-off program; and • private and corporate contributions.

The trust works closely with Maryland's natural resource and environmental agencies in developing and administering its competitive grant programs. In fact, representatives from MDE, the Department of Natural Resources, and the Maryland Department of Agriculture serve on the trust's board of directors and participate in the trust's technical review and grant selection committees.

According to the trust, various State agencies have expressed an interest in using the trust's grant programs as a means of advancing State resource protection and restoration goals. The trust advises that its grant programs have been designed and implemented in consultation with State agencies and are structured around the specific natural resource and environmental goals and objectives articulated in the *Chesapeake 2000* agreement and the State's Tributary Strategies. However, since the trust is not considered a State agency, and since State agencies are generally subject to State procurement law, State agencies are not authorized to transfer funds directly to or enter into cooperative agreements with the trust.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 926 (Senator Astle) – Education, Health, and Environmental Affairs.

**Information Source(s):** Department of Natural Resources, Maryland Department of the Environment, Maryland Department of Agriculture, Maryland Department of Transportation, Department of Budget and Management, Department of General Services, Board of Public Works, Chesapeake Bay Trust, Department of Legislative Services

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