

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 625 (Delegate Niemann, *et al.*)
 Environmental Matters

Forests and Parks - Special Funds and Accounts - Payments to Counties

This bill repeals the requirement that the Department of Natural Resources provide payments to counties from the Forest or Park Reserve Fund, the Forest and Park Concession Account, and the Deep Creek Lake Recreation Maintenance and Management Fund.

Fiscal Summary

State Effect: Special fund expenditure decrease of an estimated \$2.0 million in FY 2009 and \$2.4 million annually thereafter due to the repeal of the county payments. No direct effect on revenues.

(\$ in millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	(2.0)	(2.4)	(2.4)	(2.4)	(2.4)
Net Effect	\$2.0	\$2.4	\$2.4	\$2.4	\$2.4

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

Local Effect: Local revenues would decrease by an estimated \$2.0 million in FY 2009 and \$2.4 million annually thereafter due to the repeal of the county payments.

Small Business Effect: No direct impact.

Analysis

Current Law: DNR is required to administer the Forest or Park Reserve Fund, the stated purpose of which is to enable DNR to purchase and manage in the name of the

State lands suitable for forest culture, reserves, watershed protection, State parks, scenic preserves, historic monuments, parkways, and State recreational reserves. All revenues generated from State forests and parks are paid into the fund. Each county in which any State forest or park reserve is located annually receives 15% of the revenues 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 revenues derived from the reserve.

DNR is also required to administer the Forest and Park Concession Account; its stated purpose is to finance the maintenance and operation of concession operations and the functions of State forests and parks. All money derived from concession operations in State forests and parks is paid into the account. Each county in which any State forest or park reserve is located annually receives 15% of the net revenues 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 revenues derived from the reserve.

A third fund, the Deep Creek Lake Recreation Maintenance and Management Fund, is used for the maintenance and management of the land, recreational facilities, and services that are related to Deep Creek Lake in Garrett County. The fund consists of fees collected for boat launching at Deep Creek Lake State Park, and funds collected from lake and buffer use permits, contracts, grants, and gifts related to the Deep Creek Lake management program. Garrett County receives 25% of the fund's revenues on a quarterly basis.

Background: DNR advises that while operating costs related to State forests and parks have increased over the years, revenues have decreased. This bill would enable DNR to redirect the funds currently paid to counties to forest and park operations.

The original intent of the county payments was to offset the loss in property taxes to counties in which the State owned a significant amount of acreage.

State Expenditures: Special fund expenditures for county payments from the affected funds would decrease by an estimated \$2.0 million in fiscal 2009 and \$2.4 million annually thereafter. These estimates are based on county payments made by DNR in fiscal 2007 and assume that, in the absence of the bill, county payments would remain constant over time.

The fiscal 2009 estimate assumes that, due to the bill's October 1, 2008 effective date, DNR would still make county payments from the Forest or Park Reserve Fund and the Deep Creek Lake Recreation Maintenance and Management Fund for the first quarter of

the year. Because county payments from the Forest or Park Concession Account are based on net revenues and are made at the end of the fiscal year, it does not assume that any county payments would be made from that account in fiscal 2009.

Local Revenues: Local revenues from payments currently made by DNR would decrease by an estimated \$2.0 million in fiscal 2009 and \$2.4 million annually thereafter, as described above. **Exhibit 1** shows the breakdown of fiscal 2007 county payments by jurisdiction. Based on that data, the five counties most affected by the bill include Garrett, Worcester, Allegany, Anne Arundel, and Baltimore counties; in fiscal 2007, payments to these five counties accounted for over 70% of the total county payments.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Allegany County, Garrett County, Harford County, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2008
ncs/lgc

Analysis by: Lesley G. Cook

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

Exhibit 1
Maryland Park Service and Maryland Forest Service
County Payments
Fiscal 2007

<u>County</u>	<u>Service Charges</u>	<u>Concessions</u>	<u>Total Park Service</u>	<u>Forest Service</u>	<u>Total</u>
Allegany	\$161,827	\$61	\$161,889	\$59,023	\$220,912
Anne Arundel	205,371	5,871	211,242	0	211,242
Baltimore	136,858	9,557	146,415	0	146,415
Calvert	1,918	0	1,918	0	1,918
Caroline	35,313	3,148	38,461	1,456	39,917
Carroll	11,307	75	11,381	0	11,381
Cecil	68,680	4,752	73,432	10,439	83,871
Charles	19,806	9,164	28,970	0	28,970
Dorchester	0	0	0	14,698	14,698
Frederick	97,807	0	97,807	0	97,807
Garrett	474,934	6,788	481,722	321,531	803,253
Harford	33,775	0	33,775	0	33,775
Howard	37,602	272	37,874	0	37,874
Montgomery	57,917	1,118	59,035	0	59,035
Prince George's	8,370	0	8,370	120	8,490
Queen Anne's	1,911	237	2,148	0	2,148
St. Mary's	86,846	2,035	88,881	0	88,881
Somerset	28,435	0	28,435	43,457	71,892
Talbot	3,196	0	3,196	0	3,196
Washington	92,662	5,128	97,789	0	97,789
Wicomico	0	0	0	44,858	44,858
Worcester	<u>232,903</u>	<u>15,537</u>	<u>248,439</u>	<u>79,076</u>	<u>327,515</u>
	\$1,797,435	\$63,743	\$1,861,179	\$574,658	\$2,435,837

Amounts are distributions from the Forest or Park Reserve Fund, the Forest and Park Concession Account, and the Deep Creek Lake Recreation Maintenance and Management Fund. Garrett County's payment includes \$215,141 from the Deep Creek fund.

Source: Department of Natural Resources
