

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 655

(Delegate Sossi, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Natural Resources - Expanded Use of Waterway Improvement Fund

This bill authorizes the Waterway Improvement Fund (WIF) to be allocated as grants for purchasing and installing best management practices (BMPs) at public and private marinas actively seeking or renewing status as a Maryland Clean Marina or Clean Marina Partner. The bill authorizes up to \$250,000 in WIF monies annually for Maryland Clean Marina grants.

Fiscal Summary

State Effect: Special fund expenditures increase by \$250,000 in FY 2010 for capital grants and general fund expenditures increase by \$5,600 in FY 2010 for contractual operating costs. Future year contractual expenditures reflect inflation. No effect on revenues.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	5,600	7,600	7,700	7,700	7,800
SF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$255,600)	(\$257,600)	(\$257,700)	(\$257,700)	(\$257,800)

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

Local Effect: Local revenues for public marina construction projects increase to the extent grant funds are provided.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: WIF grants for purchase and installation of BMPs at public or private marinas are limited to:

- 50% of the cost of purchasing and installing each BMP at marinas participating in the Clean Marina Initiative (CMI), not including those on Department of Natural Resources (DNR) land which may receive 100% State grants;
- \$35,000 per private marine facility during each certification or recertification as a Maryland Clean Marina; and
- facilities actively engaged in the process of certification or recertification as a Maryland Clean Marina or Clean Marina Partner.

Eligible BMPs are limited to those practices needed to qualify as a Maryland Clean Marina, and the Secretary of Natural Resources is required to determine eligibility of proposed BMPs for grant funding.

Grant awards may be distributed only after verification of project installation, designation as a Maryland Clean Marina, and submission of proof of payment for the project. Grant recipients must return all grant funds if their Clean Marina status is revoked within three years of project completion, and assume sole responsibility for equipment purchased with WIF grant funds.

The bill increases the total amount that may be expended from WIF without legislative approval from \$225,000 to \$475,000.

Current Law: Except for specified exemptions, the State Boat Act provides that WIF may be used solely for the following projects: (1) marking channels and harbors and establishing aids to navigation in cooperation with and as an extension of operations of the U.S. Coast Guard; (2) clearing debris, aquatic vegetation, and obstruction from waters of the State; (3) dredging channels and harbors and construction of jetties and breakwaters in cooperation with and as an extension of operations of the U.S. Army Corps of Engineers; (4) constructing and maintaining marine facilities beneficial to the boating public; (5) improvement, reconstruction, or removal of bridges, drawbridges, or similar structures over or across waters, if those structures delay, impede, or obstruct the boating public; (6) evaluation of water-oriented recreation needs and recreational capacities of Maryland waterways and development of comprehensive plans for waterway improvements; (7) matching grants to local governments for the construction of marine facilities for marine firefighting, marine police, or medical services and for the

acquisition of vessels and equipment for vessels for those purposes; (8) structural and nonstructural shore erosion control, under specified conditions; (9) acquisition of equipment and State vessels for firefighting, policing, first aid and medical assistance, and communications; (10) boating information and education; and (11) interest-free loans to a governing body for specified dredging.

After fiscal 2009, DNR may not use WIF for administrative expenses. DNR may spend a total of up to \$225,000 from WIF, without legislative approval, for certain small projects and for boating safety and education. DNR may propose in its annual budget an appropriation of not more than \$2.0 million from WIF to support DNR Natural Resources Police marine operations.

Background: WIF serves the boating public by funding projects that mark channels, clear debris, build and maintain boat facilities, improve bridges that may obstruct boats, and other activities. Financial support for WIF comes primarily from the 5.0% excise tax paid on the sale of motorized vessels within the State.

CMI supports marina, boatyard, and yacht club efforts to protect water and air quality. CMI is administered by DNR and seeks to certify at least 25% of the State's approximately 600 marinas as Maryland Clean Marinas. To achieve this goal, DNR distributes a comprehensive pollution prevention guidebook for marinas, recognizes clean marinas through an awards program, and conducts outreach and education activities to further promote environmentally responsible marina and boating practices. DNR has certified 133 Maryland Clean Marinas to date. The Clean Marina Partner program recognizes boating facilities other than marinas, boatyards, and yacht clubs that seek to minimize pollution. These facilities, which include public boat ramps and private community piers, receive educational posters and other related materials at no cost.

CMI identified a variety of BMPs marine industry professionals may take to protect water and air quality. These practices address siting considerations for new or expanding marinas, marina design and maintenance, stormwater management, vessel maintenance and repair, waste containment and disposal, and marina management. DNR advises that some of these practices are too costly for marinas to implement without financial assistance.

State Fiscal Effect: State special fund capital expenditures increase by \$250,000 in fiscal 2010 and subsequent years for Maryland Clean Marina capital grants.

Currently, DNR staff visit CMI applicants approximately two to three times during the certification or recertification process to provide technical assistance with program requirements. In addition, inspections of grant-funded projects take place upon project completion.

General fund expenditures increase by \$5,625 in fiscal 2010 for contractual costs, which accounts for the bill's October 1, 2009 effective date. The contractual costs are associated with inspecting completed grant projects and assisting grantees with the Maryland Clean Marina certification process. Future year expenditures are adjusted for inflation.

The Governor's proposed fiscal 2010 budget includes a total of \$6.0 million for WIF, a significant reduction from the fiscal 2009 appropriation of \$21.3 million. Therefore, to the extent the bill increases WIF expenditures beyond the capacity of available revenues, there is greater competition among the WIF-funded programs for limited funds.

Small Business Effect: Private marinas may benefit from this new grant program; they may be reimbursed for 50% of the cost of purchasing and installing BMPs, up to a total of \$35,000 per certification or recertification.

Additional Information

Prior Introductions: None.

Cross File: SB 240 (Senator Astle) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Legislative Services

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