

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE

Senate Bill 673 (Senator Harris)
Education, Health, and Environmental Affairs

Natural Resources - Hand-Launched Vessels - Statewide Pass

This bill requires the Department of Natural Resources (DNR) to establish a statewide pass for hand-launched vessels. A “hand-launched” vessel includes a kayak, canoe, or a car-top boat. DNR must issue a pass to individuals who submit an application on a DNR-approved form and pay a specified fee. Pass fee revenue must be distributed to a special fund and used for only construction, improvement, or maintenance of boating access areas for hand-launched vessels at State and local boating access facilities. A pass holder may use any public boating access facility that is owned by the State or a local government to launch a hand-launched vessel without (1) obtaining any other permit or pass; and (2) paying an additional fee, excluding entrance fees.

Fiscal Summary

State Effect: DNR general fund expenditures increase, potentially significantly, in FY 2011 and future years to issue passes. DNR special fund expenditures increase, potentially significantly, in FY 2011 and future years to improve vessel launch areas. DNR special fund revenues increase, potentially significantly, in FY 2011 and future years due to pass fees.

Local Effect: To the extent the pass supplants existing local boat launching fees, local revenues decrease potentially significantly in FY 2011 and future years. However, local revenues increase in FY 2011 and future years to the extent DNR allocates fee revenue to local jurisdictions. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The fee for a resident statewide pass for hand-launched vessels is \$15 for one year and \$25 for two years. The fee for a nonresident statewide pass for hand-launched vessels is \$25 for one year and \$40 for two years.

Pass holders may hand-launch a vessel from a trailer if the trailer is configured for hand-launching and the vessel is nonmotorized. Pass holders must use boat ramps designated for hand-launched vessels; however, if a facility does not have a boat ramp for hand-launched vessels, pass holders may use any boat ramp.

A pass must be displayed in a specified manner from the pass holder's vehicle.

Current Law/Background: DNR's State parks generate a significant portion of their operating budget through the collection of service charges.

Many State parks have motorized and hand-launched vessel launching areas. Approximately 20 State parks have just hand-launch areas, and approximately 18 State parks offer both motorized and hand-launched vessel launching areas. State parks do not charge a fee to launch at areas that are available for hand-launched vessels only. However, State parks do charge fees to launch vessels (motorized and hand-launched) on trailers at State park boat ramps. Standard boat launching fees at State parks are \$10, with some exceptions. DNR estimates \$47,000 in fiscal 2011 boat launching fee revenue.

DNR's Waterway Improvement Fund (WIF) finances projects to expand and improve public boating access throughout the State. WIF is used for State and local government 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% vessel excise tax. The Governor's proposed fiscal 2011 budget includes \$15.7 million for WIF, including \$5.0 million in special funds, \$500,000 in federal funds, and \$10.2 million in general obligation bond funds. However, the Governor's Budget Reconciliation and Financing Act (SB 141/HB 151) proposes redirecting \$3.9 million of the special fund amount to the general fund in fiscal 2011.

According to DNR, a majority of local jurisdictions in Maryland do not charge a boat launching fee. However, a 2009 DNR survey of local government boat launch facilities indicates that, when fees are charged, daily fees range from \$4 to \$10 and annual fees range from \$10 to \$150. For example, an annual pass to use the Chesapeake Beach ramp in Calvert County is \$150 and a daily pass to use the Truxton Park ramp in the City of Annapolis is \$5. Local boat launching fees typically cover trailered, hand-launched, and motorized vessels. In addition, at least one local jurisdiction, Kent County, restricts the

number of local ramp permits issued to out-of-state boaters due to limited parking capacity.

State Revenues: The bill may result in a significant increase in special fund revenues; however, the magnitude of the increase is unknown. No reliable data is available on the number and use of hand-launched vessels in the State. This estimate assumes that all revenue generated for boating access site improvements is allocated to WIF, since the bill does not specify a particular special fund, and then distributed accordingly.

Special fund revenues to the State Forest or Park Reserve Fund decrease to the extent individuals who currently pay fees to use State park boat ramps are required to pay less by purchasing a pass; however, any decrease is not anticipated to be significant.

State Expenditures: DNR's special fund expenditures are expected to increase in fiscal 2011 and future years to support hand-launch vessel boating access improvements.

DNR does not anticipate a need for additional licensing and registration service staff or significant development expenditures. Although DNR will be required to adjust existing licensing and registration software and develop a pass, this estimate assumes DNR can absorb those initial costs. However, DNR's general fund expenditures increase, potentially significantly, in fiscal 2011 and future years to actually *issue* the pass to applicants at DNR service centers. Since the bill does not authorize DNR to retain a portion of the pass fee special fund revenues for administrative costs associated with issuing passes, this analysis assumes general funds are required.

DNR advises that the bill is not expected to result in any additional State park operating costs, and existing WIF staff could absorb the additional workload associated with allocating funds for boating access site improvements.

Local Fiscal Effect: Since the bill requires local jurisdictions to accept the new statewide pass at local boat launching facilities, the bill may have a significant impact on local jurisdictions with boating access facilities. To the extent the pass supplants existing local boat launching fees, local revenues decrease in fiscal 2011 and future years. However, local revenues increase in fiscal 2011 and future years to the extent that DNR allocates boat fee revenue to local jurisdictions for construction, improvement, or maintenance of boating access areas for hand-launched vessels.

Several local jurisdictions advise that the bill is not expected to materially affect local finances, including the City of Frederick and Anne Arundel, Frederick, and Somerset counties. Anne Arundel County notes that the bill does not prohibit local governments from charging fees for boat launching on individuals that choose not to obtain a State

pass, and would not preclude the counties from charging different fees in the future. However, other local jurisdictions advise the bill has a significant financial and operational impact. For example, Charles County notes that it does not currently charge any fees for water access and would be required to expend \$68,400 annually to monitor the use of the State pass at boating access sites. The City of Havre de Grace advises the bill would decrease local vessel launch fee revenue, but may provide a source of revenue for vessel launch maintenance projects.

Local governments currently receive a percentage of the special funds deposited into the State Forest or Park Reserve Fund; however, it is assumed that any minimal decrease in special funds received for the use of State park boat ramps will not materially affect the total amounts distributed to local jurisdictions.

Small Business Effect: To the extent small businesses use State and local government boat ramps to launch hand-launched vessels and are required to pay more or less for this service, the bill has a meaningful impact on small businesses. Since the bill does not authorize sports license agents to retain a commission, they are not expected to benefit from the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 894 (Delegate McComas, *et al.*) - Environmental Matters.

Information Source(s): Anne Arundel, Charles, Frederick, and Somerset counties; cities of Frederick and Havre de Grace; Department of Natural Resources; Department of Legislative Services

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