

Department of Legislative Services

Maryland General Assembly

2010 Session

FISCAL AND POLICY NOTE

Revised

House Bill 356

(Delegate Cane, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

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Forest Product Operators - Standards, Procedures, and Enforcement

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This bill establishes an application process within the Department of Natural Resources (DNR) for a forest product operator's license. Forest product operator's license applicants are required to submit applications for a one-year license on DNR-approved forms, demonstrate compliance with specified labor requirements, and pay a license fee. License fee revenue may not exceed the costs of carrying out forest product operator licensing. DNR is authorized to suspend or revoke a forest product operator's license and a license suspension and revocation process is established.

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Fiscal Summary

**State Effect:** The bill clarifies and codifies existing practice and thus is not expected to have a significant impact on State operations and finances. While license suspension and revocation hearings are anticipated, DNR anticipates being able to absorb these costs with existing budgeted resources.

**Local Effect:** The bill is not expected to have a significant impact on local operations or finances.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** The bill requires that forest product operators comply with (1) specified sediment and erosion control standards; (2) the terms of any applicable federal, State, or local permit, license, or approval; and (3) DNR standards of practice. In addition,

operators must provide accurate reports to DNR about specified firewood sales or deliveries, and submit an annual timber consumption report to DNR.

Prior to suspending or revoking a license, DNR is required to send written notice, describing the basis of the suspension or revocation, to the licensee. DNR must hold a hearing on the suspension or revocation if requested by the licensee within two weeks of receiving the written notice. A person aggrieved by DNR's final decision in a contested case hearing may appeal. A person who suffers damages as a result of a violation by a license holder may recover court costs and reasonable attorney's fees in a civil action.

DNR is authorized to adopt implementing regulations. Obsolete provisions addressing leases, timber cutting rights, and inspection by forest conservancy district boards are deleted.

**Current Law:** Any person engaged in a forest products business, including every type of forest products manufacturing plant (*e.g.*, sawmills, pulpwood and logging contractors, and firewood dealers) must have a license issued by DNR. Other business types, such as mulch suppliers, land clearing and tree removal companies, and lumber brokers, may be licensed by DNR. DNR must be notified prior to erecting or moving any sawmill or other forest products manufacturing plant.

Forest products businesses must leave conditions favorable for regrowth, leave young growth, arrange for restocking land after harvest, maintain adequate growing stock after partial or selective logging, provide for leases and timber cutting rights, and make application for inspection.

**Background:** According to DNR, the forest industry is the fifth largest industry in the State. It is estimated that more than 18,000 people depend on the forest products industry for their livelihood. In Garrett and Allegany counties, it is the single largest employer and, on the Eastern Shore, it is the second largest.

The State's 24 volunteer forest conservancy district boards seek to perpetuate forest resources by, among other things, providing forest management assistance to private landowners and disseminating forest conservation information.

DNR currently implements a forest product operator's license application process. There were 489 licensed forest product operators in 2009, and DNR estimates that the number of licensees will remain constant or grow minimally over the next few years. DNR charges a \$20 application fee for an annual license, which is issued on a calendar-year basis. DNR advises that it does not intend to alter the license term or fee amount in the near future, and that the \$20 fee generates less revenue than DNR's costs to license a forest product operator. Currently, forest product operators are asked to

voluntarily submit an annual report on the amount of timber they harvested and sold, which includes firewood.

DNR advises that the bill provides the authority DNR requires to appropriately punish repeat violators, which will in turn help improve public perception of the forestry industry.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2010  
ncs/lgc Revised - House Third Reader - March 18, 2010

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