

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1260

(Senator Mathias)

Budget and Taxation

Environment and Transportation

Waterway Improvement Fund - Ocean City Inlet Dredging Study

This bill establishes – notwithstanding any other provision of law – that, for fiscal 2019, the first \$300,000 of money received into the Waterway Improvement Fund (WIF) may be used only for the State portion of funding for the dredging study of the Ocean City Inlet by the U.S. Army Corps of Engineers (USACE). **The bill takes effect July 1, 2018, and terminates June 30, 2019.**

Fiscal Summary

State Effect: None. The bill is not expected to affect the level of WIF special funds appropriated in FY 2019; however, planned projects may not be funded or may be funded at a reduced level if WIF special funds appropriated for other purposes are redirected to the Ocean City Inlet study pursuant to the bill.

Local Effect: The bill does not directly affect local government finances, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background:

Waterway Improvement Fund

WIF finances projects and activities that promote, develop, and maintain Maryland's waterways for the benefit of the boating public. Vessel excise tax revenues are the major

source of funding for WIF. Pursuant to statute, WIF is used to, among other things, (1) mark channels and harbors and establish aids to navigation; (2) clear debris, aquatic vegetation, and obstructions from State waters; (3) dredge channels and harbors and construct jetties and breakwaters; (4) construct and maintain marine facilities beneficial to the boating public; (5) provide matching grants to local governments for the construction of specified marine facilities, vessels, and equipment; (6) construct structural and nonstructural shore erosion projects; and (7) provide boating information and education.

WIF contributes funding to various operations within the Department of Natural Resources (DNR), including Fishing and Boating Services, the Chesapeake and Coastal Service, Engineering and Construction, the Licensing and Registration Service, the Natural Resources Police, and the Office of the Secretary.

Ocean City Inlet Dredging Study

According to a USACE fact sheet, in past years there was investigation into solutions to the adverse impact on commercial fishing vessels of the limited depth in the Ocean City Inlet and Harbor and shoaling in the inlet, but efforts have been inactive since 2004 due to a lack of funding. However, more recently, increased shoaling in the area has created a need for a comprehensive, long-term solution to the problem. A \$1.2 million feasibility study has been proposed, \$600,000 of which would be paid for by the federal government. The remaining \$600,000 would be the responsibility of nonfederal partners, which in this case, would be some combination of one or more of DNR, Worcester County, and/or the Town of Ocean City.

State Fiscal Effect: This fiscal and policy note assumes that the bill does not have the effect of appropriating \$300,000 of WIF special funds for the Ocean City Inlet study because of restrictions under the Maryland Constitution (Art. III, § 52) on methods of appropriating funding. To the extent the bill is interpreted to restrict (or, alternatively, authorize the use of) \$300,000 of a WIF special fund appropriation in the budget bill for the purpose of the Ocean City Inlet study, the level of WIF special funds appropriated in fiscal 2019 is not affected; however, other planned projects may not be funded or may be funded at a reduced level.

Local Fiscal Effect: The bill does not directly affect local government finances. However, to the extent the bill redirects \$300,000 of WIF special funds to the Ocean City Inlet study, it may indirectly affect the level of funding paid by Worcester County and/or the Town of Ocean City toward the study. In addition, local governments are often recipients of WIF funding; thus, to the extent the bill redirects WIF funding from other local projects to the study, those local projects are affected.

Small Business Effect: Redirecting \$300,000 of WIF special funds to the Ocean City Inlet study may affect the extent to which the funding is ultimately paid to small businesses for services. Whether the funding is spent as planned by DNR or is redirected to the study, it is possible in each case that some portion of the funding *may* be paid to a small business (or businesses) for services in connection with a project or the study. The extent of any such impact, or whether it has a positive or negative effect on small businesses, cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources; Worcester County; U.S. Army Corps of Engineers; Department of Legislative Services

Fiscal Note History: First Reader - March 23, 2018
md/lgc Third Reader - April 6, 2018
Revised - Amendment(s) - April 6, 2018

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