

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 149

(Senator Astle)

Education, Health, and Environmental Affairs

Environment and Transportation

Natural Resources - Electronic Licensing - Voluntary Donations

This bill allows for donations to be made to the Chesapeake Bay Trust (CBT) and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (2010 Trust Fund) through the Department of Natural Resources' (DNR) electronic licensing system.

Fiscal Summary

State Effect: Special fund revenues and expenditures correspondingly increase each fiscal year, beginning in FY 2019, by an indeterminate amount.

Local Effect: Local governments may benefit from the availability of additional grant funding provided by DNR (from the 2010 Trust Fund) and by CBT.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires DNR to establish a process through which an individual who purchases a license, permit, or registration through the department's electronic licensing system may make a voluntary monetary donation to CBT and the 2010 Trust Fund at the time the license, permit, or registration is purchased. The donation process must be made available only to an individual purchasing directly through the electronic system and not through an authorized vendor. The proceeds of the donations are split evenly (50%-50%) between CBT and the 2010 Trust Fund.

The donated funds distributed to CBT must be used to provide grants and other resources to nonprofit organizations, community associations, civic groups, schools, or public

agencies for projects to enhance or promote (1) public education concerning the Chesapeake Bay, the Maryland coastal bays, the Youghiogeny Watershed, and other natural resources; (2) the preservation or enhancement of water quality and fish or wildlife habitat; (3) the restoration of aquatic or land resources; (4) reforestation; and (5) training in environmental studies or enhancement.

The donated funds distributed to the 2010 Trust Fund may be used, in accordance with the fund's governing statutory provisions, to provide financial assistance necessary to advance Maryland's progress in meeting goals established in the 2014 Chesapeake Bay Watershed Agreement and to restore the health of the Atlantic Coastal Bays by focusing on nonpoint source pollution control projects.

By December 1 of each year, DNR must report to the Governor and the General Assembly on the collection, distribution, and expenditure of any voluntary monetary donations made under the bill in the previous fiscal year.

Current Law/Background:

DNR Electronic Licensing

DNR is authorized in statute to develop and implement an electronic system for the sale and issuance of licenses, permits, and registrations. Its current electronic licensing system is called COMPASS, offering licenses, permits, and registrations for hunting, fishing, vessels, and off-road vehicles.

Chesapeake Bay Trust

CBT is a private, nonprofit grant-making organization established by the General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the water quality and aquatic and land resources of the Chesapeake Bay and other aquatic and land resources of the State. The trust awards grants to community-led environmental education and habitat restoration projects through a portfolio of programs and manages the Chesapeake Conservation Corps Program as a special initiative. The trust is governed by a board of 19 trustees.

The trust's programs and activities are funded by (1) sales of *Treasure the Chesapeake* commemorative license plates; (2) donations from Maryland's Chesapeake Bay and Endangered Species Fund income tax checkoff program; (3) federal and State grants, contracts, and agreements; and (4) private and corporate contributions. The average annual revenues CBT received from the *Treasure the Chesapeake* commemorative license plates from fiscal 2013 through 2017 was \$488,049, and the average annual revenues received by the trust from the income tax checkoff for tax years 2012 through 2016 was \$380,732 (the

tax checkoff revenues are split between CBT and endangered species conservation efforts of DNR).

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

The 2010 Trust Fund was established in 2008 and is funded with a portion of revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals (which, collectively, generated approximately \$50 million for the fund in fiscal 2017). General obligation bond capital funding was also allocated to the fund in fiscal 2013 through 2015. The trust fund is used for nonpoint source pollution control projects to help meet Chesapeake Bay restoration goals and to improve the health of the Atlantic Coastal Bays and their tributaries. Money in the trust fund is expended in accordance with work and expenditure plans developed each year and is required to be targeted, geographically and by practice, to proven, scientifically based projects that provide the most cost-effective and measurable water quality benefits to the Chesapeake and Atlantic Coastal Bays. Examples of nonpoint source projects that can be funded with the trust fund include cover crops, natural filters, and local watershed restoration projects, including stormwater management projects.

State Fiscal Effect: Special fund revenues and expenditures correspondingly increase each fiscal year, beginning in fiscal 2019, by an indeterminate amount, reflecting the distribution of 50% of the proceeds of donations under the bill to the 2010 Trust Fund (with the other 50% distributed to the State-created, but private, nonprofit CBT) and spending of those funds in accordance with the bill.

For illustrative purposes, each year there is an average of approximately 420,000 unique users of DNR's COMPASS system, and if 10% of those users contribute an average of \$10 each year, special fund revenues increase by \$210,000 annually (reflecting 50% of the \$420,000 in total donations). The participation rate and average donation amount under the program, however, cannot be reliably estimated.

Programming of the COMPASS system to facilitate acceptance of the donations, as well as the reporting required under the bill, can be handled with existing resources.

Local Fiscal Effect: Local governments are eligible recipients of grant funding from both CBT and the 2010 Trust Fund and therefore may benefit from the availability of additional grant funding resulting from donations under the bill.

Small Business Effect: Depending on the level of donations made under the bill, small businesses that provide services or other resources to projects funded by CBT grants and 2010 Trust Fund grants may meaningfully benefit from the availability of additional grant funding. CBT, for example, indicates that 30% of all of the trust's grant funds are paid, by

grantees, to small businesses, including restoration companies, native plant nurseries, engineering firms, signage shops, and print shops.

Additional Information

Prior Introductions: None.

Cross File: HB 104 (Delegate Robinson, *et al.*) - Environment and Transportation.

Information Source(s): Department of Natural Resources; Chesapeake Bay Trust; Department of Legislative Services

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