

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 582 (Senator Edwards)
 Education, Health, and Environmental Affairs
 and Budget and Taxation

Natural Resources - State Lakes Protection and Restoration Program and Fund

This bill establishes a State Lakes Protection and Restoration Program in the Department of Natural Resources (DNR) to implement the existing purpose and activities of the State Lakes Protection and Restoration Fund. The bill also increases the annual mandated appropriation for achieving that purpose, beginning in fiscal 2022, from \$1 million to \$3 million, and makes the mandated appropriation (which otherwise terminates June 30, 2022) permanent. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$2.2 million in FY 2022 and 2023, and by approximately \$3.2 million annually beginning in FY 2024 (reflecting mandated funding and personnel costs). Special fund revenues and expenditures increase by \$2.0 million in FY 2022 and 2023 and by \$3.0 million annually beginning in FY 2024 (reflecting receipt of the mandated funding and corresponding spending). **The bill increases an existing mandated appropriation beginning in FY 2022 and makes it permanent.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$0	\$2,000,000	\$2,000,000	\$3,000,000	\$3,000,000
GF Expenditure	\$0	\$2,221,600	\$2,211,600	\$3,218,700	\$3,226,000
SF Expenditure	\$0	\$2,000,000	\$2,000,000	\$3,000,000	\$3,000,000
Net Effect	\$0	(\$2,221,600)	(\$2,211,600)	(\$3,218,700)	(\$3,226,000)

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

Local Effect: The bill does not directly affect local government finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapters 404 and 405 of 2017 first established the State Lakes Protection and Restoration Fund, administered by the Secretary of Natural Resources, to protect and restore State-owned lakes. Under Chapters 404 and 405, the fund consisted of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Chapter 698 of 2018, however, requires the Governor to include in the annual budget bill an appropriation of \$1 million to the fund for fiscal 2020 and *each fiscal year thereafter*.

Chapter 698 also allows for the fund to be used to protect and restore State-managed lakes as well as State-owned lakes and specifies the following activities the fund may be used for in order to protect and restore State-owned or State-managed lakes: (1) removing sediment; (2) treating contaminated sediment; (3) preventing the spread of invasive species; (4) improving ecological and recreational value; and (5) taking any other action DNR determines necessary. Chapter 698 terminates June 30, 2022. (However, pursuant to Chapters 404 and 405, the fund continues.)

Pursuant to provisions established under Chapters 404 and 405, any interest earnings of the fund are credited to the fund. Money expended from the fund is supplemental to, and not intended to take the place of, funding that would otherwise be appropriated for the protection or restoration of State-owned (or State-managed) lakes. DNR must develop (1) a working budget for the funding and (2) in coordination with local governments, organizations, and citizens, an annual work plan that prioritizes and details projects that will receive funding.

Background: There are 16 State-owned or State-managed lakes, with Deep Creek Lake being the largest. As required by Chapter 698, the Governor's proposed fiscal 2021 budget includes \$1 million for the State Lakes Protection and Restoration Fund, a small portion of which is for a contractual position to help manage and track projects. Various projects supported by the fund are being undertaken at each of the 16 lakes in fiscal 2020 and, in preparation for fiscal 2021 funding, DNR hosted four public open house events and a webinar in October and December 2019.

State Fiscal Effect: General fund expenditures increase by \$2,221,647 in fiscal 2022, which reflects the \$2 million increase in the mandated appropriation for the fund plus costs of additional personnel needed to administer a protection and restoration program at that level of funding. General fund costs for the same personnel were included in the fiscal and policy note for Senate Bill 501 of 2018 (Chapter 698) as an impact of that bill beginning in fiscal 2020, independent of the \$1 million mandated appropriation. However, only a contractual position, funded with a portion of the \$1 million mandated appropriation, has been included in the fiscal 2020 budget and the Governor's proposed fiscal 2021 budget.

Those personnel are reflected again in this fiscal and policy note as a general fund impact (independent of the \$2 million increase in the mandated appropriation) because (1) the need for those personnel still exists and is even greater beginning in fiscal 2022 because of the increase in funding for the program required by the bill and (2) the bill does not explicitly allow for the mandated funding to be used for costs of personnel needed to administer the fund.

The necessary personnel include a project manager (to, among other things, coordinate development of the budget and work plan for the fund, oversee projects, and manage contracts), an environmental project reviewer (to complete necessary environmental impact review work for proposed projects), and an administrative specialist (to provide support in managing and tracking project bids and commenced projects). These responsibilities cannot be adequately managed by existing staff. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	3
Salaries and Fringe Benefits	\$198,072
Increased Mandated Appropriation	2,000,000
Operating Expenses	<u>23,575</u>
Total FY 2022 State Expenditures	\$2,221,647

Future year expenditures reflect the continued increased mandated appropriation for fiscal 2023, the full mandated appropriation for fiscal 2024 and future years (due to the termination of Chapter 698 of 2018), full salaries with annual increases and employee turnover, and ongoing operating expenses. While Chapter 698 is set to terminate June 30, 2022, it is assumed that, in the absence of this bill, the mandated appropriation continues through fiscal 2023, since Chapter 698 would still be in effect when the Governor introduces the annual budget bill for fiscal 2023 during the 2022 legislative session.

Special fund revenues to the fund and expenditures from the fund increase by \$2 million in fiscal 2022 and 2023 and by \$3 million annually beginning in fiscal 2024, which reflects the receipt of the mandated appropriation and corresponding spending. It is assumed that the entire mandated appropriation is spent in each year.

Small Business Effect: Small businesses may meaningfully benefit from the opportunity to bid on protection and restoration projects funded by the increased mandated funding under the bill.

Additional Information

Prior Introductions: SB 213 of 2019 passed the Senate with amendments but received an unfavorable report from the House Environment and Transportation Committee. Its cross file, HB 405, received an unfavorable report from the House Environment and Transportation Committee.

Designated Cross File: HB 877 (Delegate Beitzel, *et al.*) - Environment and Transportation and Appropriations.

Information Source(s): Department of Budget and Management; Department of Natural Resources; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2020
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