

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 618 (Senator Edwards)
 Budget and Taxation

Natural Resources - State Lakes Protection and Restoration Fund - Mandatory Funding

This bill increases an existing mandated appropriation for the State Lakes Protection and Restoration Fund within the Department of Natural Resources (DNR) and makes it permanent. Specifically, the bill requires, for fiscal 2023 and each fiscal year thereafter, that the Governor include in the annual budget bill an appropriation of \$3.0 million to the State Lakes Protection and Restoration Fund. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: No effect in FY 2022. General fund expenditures increase by \$2.3 million in FY 2023 and by \$3.3 million annually beginning in FY 2024. Special fund revenues and expenditures increase by \$2.0 million in FY 2023 and by \$3.0 million annually beginning in FY 2024. **This bill increases an existing mandated appropriation for FY 2023 and makes it permanent.**

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$0	\$2,000,000	\$3,000,000	\$3,000,000	\$3,000,000
GF Expenditure	\$0	\$2,281,800	\$3,274,500	\$3,284,000	\$3,293,900
SF Expenditure	\$0	\$2,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Net Effect	\$0	(\$2,281,800)	(\$3,274,500)	(\$3,284,000)	(\$3,293,900)

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 \$1.0 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.

State Fiscal Effect: General fund expenditures increase by \$2.3 million in fiscal 2023, which reflects a \$2.0 million increase in the mandated appropriation for the fund plus costs of personnel needed to administer a protection and restoration program at that level of funding. General fund costs for personnel were also 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 \$1.0 million mandated appropriation. Personnel costs are reflected again in this fiscal and policy note as a general fund impact (independent of the annual mandated appropriation) because (1) the need for personnel still exists and is even greater beginning in fiscal 2023 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 coordinate work group meetings, gather and consolidate relevant information, coordinate with local governments, and conduct public outreach), an environmental project reviewer (to conduct and coordinate necessary internal reviews), and an administrative specialist (to process and track multiple

complex long-term and large-scale projects and contracts). 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	3.0
Salaries and Fringe Benefits	\$258,555
Increased Mandated Appropriation	2,000,000
Operating Expenses	<u>23,235</u>
Total FY 2023 General Fund Expenditures	\$2,281,790

Future year expenditures reflect the full mandated appropriation (due to the termination of Chapter 698), 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 \$2.0 million in fiscal 2023 and by \$3.0 million annually beginning in fiscal 2024, which reflects the receipt of the increased/permanent 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/permanent mandated funding under the bill.

Additional Information

Prior Introductions: SB 582 of 2020, a similar bill, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, HB 877, received a hearing in the House Environment and Transportation Committee, but no further action was taken. SB 213 of 2019, also a similar bill, 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 833 (Delegate Buckel) - Environment and Transportation and Appropriations.

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

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