

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 857

(Senator McKay)

Judicial Proceedings

**Off-Highway Recreational Vehicle Trail Fund and Off-Highway Recreational
Vehicle Recreation Oversight Board - Alterations and Establishment**

This bill alters the contents and authorized uses of the Off-Highway Recreational Vehicle (OHRV) Trail Fund and establishes the OHRV Recreation Oversight Board to (1) advise the Secretary of Natural Resources on the operation, acquisition, regulation, and general oversight of OHRV trails and recreation in the State and (2) review and approve expenditures from the OHRV Trail Fund in accordance with specified requirements. The bill also increases the percentage of revenues from the excise tax imposed on OHRVs that is credited to the OHRV Trail Fund beginning in fiscal 2026.

Fiscal Summary

State Effect: OHRV Trail Fund revenues increase by \$0.9 million in FY 2026, \$1.6 million in FY 2027, and similar amounts annually thereafter; Transportation Trust Fund (TTF) revenues decrease by an equivalent amount. OHRV Trail Fund revenues increase further beginning as early as FY 2025 to the extent interest earnings from specified registration fee revenues are diverted to the fund; general fund revenues decrease by an equivalent amount. TTF expenditures for local highway user revenue grants decrease by an estimated \$0.1 million in FY 2026, \$0.2 million in FY 2027, and similar amounts annually thereafter. OHRV Trail Fund expenditures increase by an indeterminate amount beginning in FY 2025 or 2026, as discussed below.

Local Effect: Local highway user revenues decrease by an estimated \$0.1 million in FY 2026, \$0.2 million in FY 2027, and similar amounts annually thereafter, as discussed below. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

OHRV Trail Fund

Funding Sources

Chapter 700 of 2018 established the OHRV Trail Fund to maintain and construct trails for OHRVs. The special, nonlapsing fund, which is administered by the Secretary of Natural Resources, consists of 50% of the revenue from the excise tax imposed on OHRVs, money appropriated in the State budget for the fund, and any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund are credited to the general fund.

Under the bill, the percentage of OHRV excise tax revenues distributed to the fund is increased to 75% in fiscal 2026 and 95% in fiscal 2027 and annually thereafter. In addition, the fund receives interest earnings derived from specified off-road vehicle registration fee revenues collected by the Department of Natural Resources (DNR), which under current law are credited to the general fund.

Authorized Uses

Under current law, the fund may be used only to (1) maintain trails for OHRVs on State park land that was purchased or leased by DNR before January 1, 2017; (2) maintain and construct trails for OHRVs on State park land that is purchased or leased by DNR on or after January 1, 2017; and (3) maintain and construct trails for OHRVs on land that is not State park land that is purchased or leased by DNR. Money expended from the fund is supplemental to and not intended to take the place of funding that otherwise would be appropriated for maintaining and constructing trails for OHRVs.

Under the bill, the fund may be used only to (1) maintain trails for OHRVs on State park land purchased or leased by DNR before January 1, 2024; (2) maintain and construct trails for OHRVs on State park land purchased or leased by DNR on or after January 1, 2024; (3) consistent with existing law, maintain and construct trails for OHRVs on any land that is not State park land that is purchased or leased by DNR; and (4) maintain the OHRV Recreation Oversight Board established under the bill. By December 31 annually, the Secretary of Natural Resources must publish on DNR's website a report detailing the use of the fund.

OHRV Oversight Board

The bill establishes and provides for the membership of the OHRV Recreation Oversight Board, staffed by DNR, to (1) advise the Secretary on the operation, acquisition, regulation, and general oversight of OHRV trails and recreation in the State and (2) review and approve expenditures from the OHRV Trail Fund. The board must meet at least quarterly.

Expenditures from the fund must be reviewed and approved by the board in accordance with specified requirements – specifically, of the annual fund balance (1) at least 25% must be used for trail development; (2) at least 10% must be used for OHRV trail maintenance; (3) at least 10% must be used for the development or maintenance of camping sites, parking, or other infrastructure necessary to support OHRV riders and recreational activities on lands managed primarily for OHRV use; (4) at least 5% must be used to lease lands for public OHRV use; and (5) at least 10% must be authorized to advertise, promote, and market OHRV use and education in the State. The fund must be used to cover the administrative and operating costs of the board in an amount determined necessary by the board.

State/Local Revenues: As discussed above, beginning in fiscal 2026, the bill increases the percentage of revenues from the vehicle excise tax imposed on OHRVs that is distributed to the OHRV Trail Fund. Proceeds from the vehicle excise tax are otherwise deposited in TTF, of which two-thirds are credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA) within TTF. A portion of funds credited to GMVRA are used to provide capital transportation grants to local governments (local highway user revenues).

Exhibit 1 displays the bill’s quantified effects on State and local revenues in fiscal 2025 through 2029. As shown in the exhibit, OHRV Trail Fund revenues increase by an estimated \$0.9 million in fiscal 2026, and TTF revenues decrease by an equivalent amount. Future years reflect the additional increase in the OHRV Trail Fund distribution beginning in fiscal 2027 and the current vehicle excise tax revenue forecast. In addition, local highway user revenues decrease by an estimated \$0.1 million in fiscal 2026 and by \$0.2 million annually in fiscal 2027 through 2029.

Exhibit 1
Quantifiable State and Local Revenue Effects
Fiscal 2025-2029
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
State Revenues					
OHRV Trail Fund	\$0.0	\$0.9	\$1.6	\$1.7	\$1.7
TTF	0.0	(0.9)	(1.6)	(1.7)	(1.7)
Local Revenues					
LHURs	\$0.0	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.2)

LHUR: local highway user revenue
OHRV: off-highway recreational vehicle
TTF: Transportation Trust Fund

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

Though not quantified above, OHRV Trail Fund revenues increase further beginning in fiscal 2025 to the extent interest earnings from specified registration fee revenues are credited to the fund; general fund revenues decrease by an equivalent amount. Any such effect cannot be readily estimated at this time.

State Expenditures: OHRV Trail Fund expenditures for DNR increase beginning in fiscal 2025 or 2026 as funds are expended for authorized purposes in accordance with the bill's requirements, including for the administrative expenses of the oversight board, which have not been quantified at this time. To the extent that the bill disallows OHRV Trail Fund expenditures for the construction of OHRV trails on State park land purchased or leased by DNR after 2016 but before 2024, spending is potentially diverted to other authorized purposes under the bill.

TTF expenditures for local highway user revenue grants decrease by an estimated \$0.1 million in fiscal 2026 and by \$0.2 million annually in future years due to the diversion of vehicle excise tax revenues from TTF to the OHRV Trail Fund.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 866 (Delegate Buckel) - Environment and Transportation and Ways and Means.

Information Source(s): Comptroller's Office; Department of Natural Resources; Maryland Department of Transportation; Garrett County; Maryland Association of Counties; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2024
js/hlb

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