

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 228

(Chair, Environment and Transportation Committee and
Chair, Appropriations Committee)(By Request -
Departmental - Natural Resources)

Environment and Transportation and
Appropriations

Budget and Taxation

Natural Resources - Maryland State Parks - Funds and Plan Alterations

This departmental bill grants additional flexibility to the Department of Natural Resources (DNR) in spending funds allocated to the department under Chapter 39 of 2022 (the Great Maryland Outdoors Act) by (1) extending the deadline by which DNR must spend certain funds in the Park System Critical Maintenance Fund; (2) authorizing DNR to make certain expenditures from the Park System Critical Maintenance Fund without prior approval of the Department of General Services (DGS); and (3) expanding the purposes and authorized uses of the Park System Capital Improvements and Acquisition Fund and the Great Maryland Outdoors Fund. The bill also clarifies the intent of the use of money expended from the Park System Capital Improvements and Acquisition Fund and requires DNR to report on expenditures from the fund. Finally, the bill extends the deadline for DNR to develop and publish a Comprehensive Long-Range Strategic Plan for the State park system by one year, from December 1, 2023, to December 1, 2024.

Fiscal Summary

State Effect: The bill does not affect total spending over the five-year period covered by this fiscal and policy note; however, as much as \$20.0 million in special fund expenditures from the Park System Critical Maintenance Fund is delayed from FY 2026 to FY 2027 through 2029, as discussed below. Revenues are not affected.

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

Small Business Effect: DNR has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary/Current Law: Chapter 39 made various changes to State law affecting the Maryland Park Service, parks and forests in the State, land conservation, and State lakes, relating to (1) funding for parks, land conservation, State lakes, and forest-related purposes; (2) parks staff and volunteers; (3) management of parks and park infrastructure; and (4) new parks/amenities and other considerations. Among the various changes made to the statute governing the State park system, the Act established several new special funds. The special funds relevant to this bill, and the bill's changes to those special funds, are discussed below.

Park System Critical Maintenance Fund

Chapter 39 established the Park System Critical Maintenance Fund as a special, nonlapsing fund to address critical maintenance concerns on lands managed by DNR for public purposes. The Act required the Governor, for fiscal 2024 only, to include in the annual budget bill a general fund appropriation of \$70.0 million to the fund. Pursuant to Chapter 39, DNR must spend those funds by July 1, 2026.

The bill extends the deadline by which DNR must spend the allocated funds by three years (from July 1, 2026, to July 1, 2029).

In general, under current law, DGS has oversight over Executive Branch agencies' procurement of supplies, information technology equipment and services, construction, services, and more. DGS delegates its authority to most Executive Branch agencies for construction contracts valued at \$200,000 or less. In addition, pursuant to § 13-109 of the State Finance and Procurement Article, DNR is authorized to make a procurement contract for capital projects or maintenance with a value of \$200,000 or less without prior approval of DGS.

The bill authorizes DNR, notwithstanding § 13-109 of the State Finance and Procurement Article, to expend up to \$400,000 for a project that addresses critical maintenance concerns from the Park System Critical Maintenance Fund without prior approval of DGS.

Park System Capital Improvements and Acquisition Fund

Chapter 39 established the Park System Capital Improvements and Acquisition Fund as a special, nonlapsing fund to provide funding for (1) completing State park projects related to capital improvements on lands managed by DNR for public purposes and (2) acquiring land to be managed by DNR for public purposes as a State park. The fund may be used only for those purposes. Money expended from the fund for capital improvements in the

State's parks is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for capital improvements in the State's parks.

The bill repeals references to "parks" in the above provisions and includes references to State projects on lands managed by DNR for public purposes. As a result, the bill expands the purpose and authorized uses of the Park System Capital Improvements and Acquisition Fund to include authorized projects in, and land acquisition for, *any* DNR-managed lands, rather than just State parks. The bill also clarifies that money expended from the fund for capital improvements is intended to expand public access on lands managed by DNR and alleviate overcapacity within the State park system.

Additionally, Chapter 39 required the first \$70.0 million in the special fund to be used in a specified manner. The bill modifies this required spending as follows:

- Chapter 39 required exactly \$5.0 million to be used for infrastructure projects that mitigate the effects of climate change. The bill requires *at least* \$5.0 million to be used for this purpose.
- Chapter 39 required exactly \$5.0 million to be used for historic preservation, as specified. The bill requires *at least* \$5.0 million to be used for this purpose.
- Chapter 39 required exactly \$20.0 million to be used for transportation improvements, as specified. The bill requires *at least* \$20.0 million to be used for this purpose.
- Chapter 39 required exactly \$10.0 million to be used for increasing water access, as specified. The bill requires *at least* \$10.0 million to be used for this purpose.
- Chapter 39 required exactly \$30.0 million to be used for land acquisition, as specified. The bill requires *up to* \$30.0 million to be used for land acquisition.

Chapter 39 also established a Parks and Recreation Commission in DNR to provide oversight of the Maryland Park Service and its implementation of Chapter 39. Under current law, DNR must annually provide the commission with a briefing on the status of the Maryland Park Service and the State park system. The commission must (1) meet quarterly to review the status of the Maryland Park Service and (2) submit an annual report of its findings and recommendations to specified legislative committees. The bill expands the provisions relating to the commission by requiring DNR to report to the commission – at each of its meetings – on expenditures from the Park System Capital Improvements and Acquisition Fund.

Great Maryland Outdoors Fund

Chapter 39 established the Great Maryland Outdoors Fund in DNR and authorized an annual appropriation of up to \$3.0 million to the fund beginning in fiscal 2024. Under

current law, funding may only be used for (1) implementing the recommendations of the Maryland Outdoor Recreation Economic Commission, including establishing and supporting an Office of Outdoor Recreation in DNR; (2) DNR projects and programs that provide, promote, and enhance outdoor recreation opportunities in the State; and (3) awarding grants to destination marketing organizations for the purpose of promoting and marketing State parks.

The bill expands the stated purpose and authorized uses of the fund to include the promotion, growth, and provision of resources to support outdoor environmental education opportunities in the State.

Background: DNR advises that the bill is intended to provide the department with additional flexibility in implementing Chapter 39 and spending the funds allocated to the department pursuant to that Act. Specifically:

- changes to the Park System Critical Maintenance Fund are necessary because DNR is uncertain whether it can spend the entire \$70.0 million appropriated in fiscal 2024 and required to be spent by July 1, 2026; while DNR is making efforts to spend the funds in a timely manner, it would like additional time for these projects;
- changes to the Park System Capital Improvements and Acquisition Fund allow DNR to align funding to projects that are required to improve public access to DNR lands and are ready-to-go. DNR advises that there are significant capital development needs on lands managed by various DNR units, not just the Maryland Park Service, and that under the bill, DNR plans to allocate funding to the highest priority projects to meet public needs for open space and recreation space and amenities;
- with respect to the bill's changes to the Great Maryland Outdoor Fund, DNR advises that while it still intends to use the fund to support the mission of the Office of Outdoor Recreation, there is no special fund available within DNR to support outdoor environmental education in the State; and
- extending the deadline for developing and publishing the Comprehensive Long-Range Strategic Plan is necessary to ensure that the planning process for the strategic plan is aligned with the planning process for the Land Preservation and Recreation Plan, which DNR updates every five years to meet requirements and maintain eligibility for funding from the federal Land and Water Conservation Fund within the U.S. Department of the Interior.

State Expenditures: Most of the bill's changes do not affect overall spending, as they generally afford additional flexibility to DNR as it implements Chapter 39 or result in administrative efficiencies for DNR. However, the extension of the deadline by which DNR must spend certain funds in the Park System Critical Maintenance Fund affects the timing of DNR's special fund expenditures over the next several years. While total

spending over the five-year period covered by this fiscal and policy note is not affected, some spending is delayed (from fiscal 2026 to fiscal 2027 through 2029).

DNR advises that it has yet to spend any of the \$70.0 million from the Park System Critical Maintenance Fund that was appropriated in fiscal 2024 and is required to be spent by July 1, 2026. DNR further advises that it plans to spend between \$10.0 million and \$15.0 million in fiscal 2025, regardless of the bill. That leaves \$55.0 million to \$60.0 million that must be spent in fiscal 2026 under current law.

DNR advises that under the bill, it plans to delay some of the spending. Specifically, under the bill, DNR plans to spend between \$40.0 million and \$50.0 million in fiscal 2026 and the remainder (between \$5.0 million and \$20.0 million) in fiscal 2027 through 2029.

Accordingly, special fund expenditures decrease by as much as \$20.0 million in fiscal 2026 and increase correspondingly over the three-year period from fiscal 2027 through 2029. The bill is not anticipated to affect total spending in fiscal 2025.

Additional Comments: DLS advises that, because the Park System Critical Maintenance Fund is a special, nonlapsing fund, and there is no provision in law requiring reversion of any funds to the general fund, it appears that, even in the absence of the bill, any portion of the \$70.0 million that is not spent by July 1, 2026 remains in the special fund and could be available for spending in a future year.

Additional Information

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

Designated Cross File: SB 259 (Chair, Budget and Taxation Committee)(By Request - Departmental - Natural Resources) - Budget and Taxation.

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

Fiscal Note History: rh/lgc
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: NATURAL RESOURCES - MARYLAND STATE PARKS - FUNDS AND PLAN ALTERATIONS

BILL NUMBER: HB 228

PREPARED BY: Hilary Bell

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Both land acquisition and capital development projects positively impact small businesses since they can be contracted for some/all of the work associated with the project. This legislation doesn't change the total spent on land acquisition and capital development projects so it is not anticipated that there will be a significant impact on small businesses. The bill could change the total funding spent on each category, but the funding will still be spent on projects.