

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 720 (Chair, Environment and Transportation Committee)(By
Request - Departmental - Natural Resources)

Environment and Transportation

**Natural Resources - Repeal of Somers Cove Marina Commission and
Improvement Fund and Alteration of Operations**

This departmental bill repeals provisions that establish and govern the Somers Cove Marina Commission and the Somers Cove Marina Improvement Fund and, in place of those provisions, establishes authority and responsibilities of the Secretary of Natural Resources relating to the marina.

Fiscal Summary

State Effect: Special fund finances could be affected, but the bill is assumed to have no material net negative effect on State finances, as discussed below.

Local Effect: The bill is not expected to materially affect Somerset County or Town of Crisfield finances.

Small Business Effect: The Department of Natural Resources (DNR) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill repeals provisions that establish and govern the Somers Cove Marina Commission and the Somers Cove Marina Improvement Fund (described under Current Law) and authorizes the Secretary of Natural Resources to:

- execute leases of land, buildings, or facilities at Somers Cove Marina;
- procure and execute contracts for operations, maintenance, management, improvements, events, or concessions at the marina in accordance with State procurement law;
- employ a marina manager who is responsible for the day-to-day operations of the marina; and
- employ additional staff to operate and maintain the marina.

The bill also requires the Secretary to:

- if applicable, set the compensation for a manager and staff;
- by October 1, 2027, develop a master plan for the operations, maintenance, development, and improvement of the marina that improves services to the general boating public; and
- by October 1, 2032, and October 1 every five years thereafter, update the master plan.

Current Law:

Commission and Fund Established

There is a Somers Cove Marina Commission established, under the Natural Resources Article, as a body politic and corporate and an instrumentality of the State. There is also a Somers Cove Marina Improvement Fund, to be used for the operation, maintenance, development, and improvement of the Somers Cove Marina facilities in Crisfield, Maryland.

Executive Director

The Secretary of Natural Resources must appoint an employee of the State to be Executive Director of the commission who (1) administers the Somers Cove Marina Improvement Fund; (2) prepares operating and capital budgets; (3) supervises the marina manager (a State employee, responsible for the day-to-day operations of the marina); (4) may execute leases and contracts; (5) must develop, subject to the approval of the Secretary and in cooperation with the commission, an annual master plan for the operations, maintenance, development, and improvement of the marina; (6) administers specified grants; and (7) employs a staff to operate and maintain the marina.

Commission Responsibilities and Authority

The commission must:

- adopt an operating and capital budget to implement the master plan;
- apply for grants from DNR's Waterway Improvement Fund (which finances projects and activities that promote, develop, and maintain Maryland's waterways for the benefit of the boating public);
- assess slip and other fees and charges at the marina to implement the master plan;
- set policy and provide general oversight of the marina operations; and
- adopt rules and regulations.

The commission may:

- accept gifts, contributions, or loans of money, supplies, goods, and services;
- accept appropriations, allotments, or loans from federal, State, and local governments;
- exercise a power usually possessed by a private corporation in performing similar functions unless to do so would conflict with State law; and
- do all things necessary to carry out its powers and responsibilities.

Somers Cove Marina Improvement Fund

Any money obtained by the commission is credited to the Somers Cove Marina Improvement Fund and is not money of the State (maintained in a bank account separate from State funds), though subject to audit by the State. By October 1 of each year, the commission must provide DNR an accounting of revenues and expenses from the marina for the previous fiscal year.

Background: Somers Cove Marina is a 515-slip facility, in Crisfield, Maryland, on property owned by DNR but operated by the Somers Cove Marina Commission. DNR indicates that having both the commission and the Somers Cove Marina Improvement Fund outside of the department leaves DNR without necessary oversight of the operations and finances of the marina, which is in need of critical maintenance and other investment of more than \$100.0 million. DNR indicates the bill allows the department to change the operational structure of the marina to allow it to (1) retain ownership; (2) lease the operations to an entity qualified to effectively manage the marina; and (3) gain oversight over the marina's finances.

State Fiscal Effect: To the extent DNR is able to maintain the marina's current revenue sources once the bill takes effect (and the commission presumably dissolves), either

directly, or through executing a lease and/or contract with a third party to manage the marina's operations, the bill is assumed to not have a material net negative effect on State finances. Special fund revenues and expenditures (and special-funded staff positions) may correspondingly increase if DNR directly operates the marina for any period of time, assuming the marina's revenues are maintained, in that case, as special funds to support the marina's operations.

As shown in **Exhibit 1**, the commission's revenues and expenditures were roughly equivalent in fiscal 2024, and information provided by DNR indicates that revenues and expenditures for the marina were also roughly, or relatively close to, equivalent in fiscal 2022 and 2023. While the commission has negative net assets, that is due to the commission's liabilities to the State (which it appears are for unpaid reimbursement of the State for its staffing of the marina). The State therefore will not be assuming net liabilities to others and may benefit from the receipt of the commission's cash and cash equivalents and other assets (net of remaining liabilities due to others) assuming those are transferred to the State. To the extent DNR is able to execute a lease and/or contract to have a third party manage the marina, DNR may benefit from lease revenues.

DNR indicates that it incurred costs of \$312,760 in fiscal 2024 for the three staff it provides for the marina (the executive director, marina manager, and a maintenance worker). Presumably those costs are not directly affected by the bill, unless a lease and/or contract results in a change in the extent to which DNR staff contribute to managing the marina.

This analysis assumes that the bill does not directly affect the State's responsibility for future capital investment in the marina (which is property currently owned by the State and operated by an instrumentality of the State).

Exhibit 1
Somers Cove Marina Commission FY 2024 Finances

	<u>FY 2024</u>
Total Revenues	\$1,085,465
Total Expenditures	1,052,649
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Operating Revenues (diesel and gasoline sales, slip rentals, transient income, other revenues)	1,082,755
Cost of Goods Sold	449,489
Gross Profit	633,266
Operating Expenses (employees, communications, travel/vehicle expenses, utilities, contractual services, supplies/materials, equipment, miscellaneous)	603,160
Operating Profit	30,106
Other Revenue	2,710
Change in Net Assets	32,816
Net Assets, Beginning of Year	(514,602)
Net Assets, End of Year	(\$481,786)
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Assets (including cash and cash equivalents of \$298,414)	449,592
Liabilities (including \$852,483 due to the State)	931,378

Source: Department of Natural Resources; Somers Cove Marina Commission, Financial Statements, FY 2024

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 19, 2025
km/lgc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Natural Resources - Repeal of Somers Cove Marina Commission and Improvement Fund and Alteration of Operations

BILL NUMBER: HB 720

PREPARED BY: Dylan Behler

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

This legislation is focused on ensuring a more streamlined approach to how the Department of Natural Resources manages Somers Cove Marina. There is not a direct small business impact unless the Department leases out operations of the marina to a small business in the State.