

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 976 (Delegate Arentz, *et al.*)
Environment and Transportation

State and Private Wetlands - Nonwater-Dependent Project - Definition

This bill specifies that a vessel registered under Title 8, Subtitle 7 of the Natural Resources Article (the State Boat Act) is not considered a nonwater-dependent project for the purposes of wetlands licensing and permitting, regardless of how the vessel is used or operated. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Special fund revenues likely decrease by an unknown but potentially significant amount beginning in FY 2026, as discussed below. The Maryland Department of the Environment (MDE) and the Board of Public Works (BPW) can implement the bill's changes with existing budgeted resources.

Local Effect: The bill is not anticipated to significantly affect local government operations or finances.

Small Business Effect: Meaningful.

Analysis

Current Law:

Wetlands Regulation

Wetlands in the State are protected, and the Wetlands and Waterways Program within MDE administers a statewide program for the management, conservation, and protection of Maryland's tidal wetlands and nontidal wetlands and waterways. Pursuant to statute and

MDE regulations, and subject to certain exceptions, a person may not dredge, fill, or construct or reconstruct structures in:

- State wetlands, without a license issued by BPW (or MDE, as MDE is delegated authority to authorize certain activities in State wetlands); or
- private wetlands, without a permit issued by MDE.

Statute generally prohibits BPW and MDE from issuing a license or permit to authorize a nonwater-dependent project located on State or private wetlands. Statute does authorize BPW (for State wetlands) and the Secretary of the Environment (for private wetlands) to issue such a license or permit under specified conditions.

A “nonwater-dependent project” is a temporary or permanent structure that, by reason of its intrinsic nature, use, or operation, does not require location in, on, or over State or private wetlands. The term includes (1) a dwelling unit on a pier; (2) a restaurant, a shop, an office, or any other commercial building or use on a pier; (3) a temporary or permanent roof or covering on a pier; (4) a pier used to support a nonwater-dependent use; and (5) a small-scale renewable energy system on a pier, as specified. The term does not include (1) a fuel pump or other fuel-dispensing equipment on a pier; (2) a sanitary sewage pump or other wastewater removal equipment on a pier; (3) a pump, a pipe, or other equipment attached to a pier and associated with a permitted shellfish nursery operation; or (4) an office on a pier for managing marina operations, as specified.

Fees for Wetlands and Waterways Authorizations

All applicants for wetlands and waterways authorizations issued by MDE and BPW must pay an application fee. Application fees range from \$250 to \$7,500 depending on the size of the project and the level of impact. However, there are several exemptions, including for regulated activities conducted by the State and local governments, as specified.

An applicant may also be subject to compensation or mitigation fees for some impacts to State tidal wetlands as determined by BPW for certain licenses.

Vessel Registration Under the State Boat Act

The Department of Natural Resources (DNR) administers the State Boat Act, which establishes various regulatory requirements for vessels in the State. Among other things, in general, any vessel equipped with propulsion machinery of any type on the waters of the State must be numbered for identification in accordance with the State Boat Act and any related DNR regulations. The fee for a two-year certificate of number (registration) decal is \$24; vessels 16 feet in length or less and/or propelled by a motor of 7.5 horsepower or less must display the decal but are exempt from the fee.

State Revenues: Special fund revenues to MDE's Wetlands and Waterways Program Fund decrease from any foregone wetlands and waterways application fees (for permits and licenses) and monetary compensation (for some licenses) due to the bill's exclusion of a registered vessel, *regardless of how the vessel is used or operated*, from the definition of nonwater-dependent project. A reliable estimate of any such decrease cannot be reliably made at this time as the number of projects that would otherwise be subject to applicable fees/compensation is unknown. However, given the large number of registered vessels in the State, the decrease could be significant. According to MDE, the application fee that would otherwise be imposed for each affected project is \$1,500. Monetary compensation rates are assessed based on property assessment data, so a per-project estimate of compensation that would otherwise be imposed cannot be made at this time.

MDE notes that, under current law, vessels can be considered nonwater-dependent projects *depending on how the vessels are used*. For example, a registered vessel used as a dwelling unit or restaurant is likely considered a nonwater-dependent project and subject to permit/license requirements under current law.

Small Business Effect: The bill significantly reduces the regulatory burden and costs to establish a project on a registered vessel that would otherwise be considered a nonwater-dependent project under current law. Examples could include an office, restaurant, or bed and breakfast. Such projects no longer need to obtain MDE/BPW approval or pay application or compensation fees and are no longer subject to current law restrictions applicable to nonwater-dependent projects.

Additional Information

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

Designated Cross File: SB 637 (Senators Hershey and Bailey) - Education, Energy, and the Environment.

Information Source(s): Anne Arundel, Baltimore, Cecil, Frederick, and Montgomery counties; Maryland Association of Counties; City of Frederick; Maryland Municipal League; Maryland Department of the Environment; Department of Natural Resources; Board of Public Works; Department of Legislative Services

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Analysis by: Kathleen P. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510