

KA00
Department of Natural Resources – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)

Program	2026 Approp.	2027 Request	2028 Est.	2029 Est.	2030 Est.	2031 Est.
POS – Land Acquisition and Local Program	\$42.770	\$85.781	\$98.150	\$104.962	\$119.484	\$123.973
POS – Public Access Program	5.638	12.000	12.000	12.000	12.000	12.000
POS – Greenspace Equity Program	7.000	7.000	10.000	10.000	10.000	10.000
POS – NRDF	10.376	10.929	25.844	20.563	18.160	22.139
POS – Critical Maintenance Projects	0.000	0.000	2.815	7.492	5.989	7.813
Park System Critical Maintenance Fund	0.000	0.000	0.000	0.000	0.000	0.000
Park System Capital Improvement and Acquisition Fund	0.000	0.000	0.000	0.000	0.000	0.000
Rural Legacy Program	4.404	13.401	15.287	16.176	22.038	22.459
Ocean City Beach Maintenance	2.000	2.000	2.000	2.000	2.000	2.000
Waterway Improvement Program	25.500	21.000	17.000	14.300	11.300	9.300
Community Parks and Playgrounds	5.000	5.000	5.000	5.000	5.000	5.000
Oyster Restoration Program	4.032	2.070	3.012	4.209	12.966	14.161
Maryland Groundwater Monitoring Network	0.000	0.000	0.000	0.000	0.500	0.500
Total	\$106.720	\$159.181	\$191.109	\$196.702	\$219.436	\$229.345

NRDF: Natural Resources Development Fund

POS: Program Open Space

Note: There was \$25.0 million in fiscal 2023 funding budgeted in the Dedicated Purpose Account (DPA) for critical maintenance projects. The Budget Reconciliation and Financing Act (BRFA) of 2024 transferred \$14.0 million of this funding to the General Fund, and the BRFA of 2025 transferred the remaining \$11.0 million from the DPA to the General Fund.

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Key Observations

- ***Transfer Tax Revenue Increases Due to Increased Revenue Estimate and Smaller Fiscal 2025 Underattainment Applied to Fiscal 2027:*** The budget includes \$232.8 million of transfer tax revenues that are comprised of \$245.4 million of estimated fiscal 2027 revenues and the budgeting of a much smaller underattainment of fiscal 2025 revenues (\$12.6 million) than the underattainment of fiscal 2024 revenues impacting the fiscal 2026 appropriation (\$85.3 million). This difference of \$72.7 million increases the fiscal 2027 funding available for allocation relative to fiscal 2026. Capital programs supported by the transfer tax receive \$159.6 million in fiscal 2027, compared to \$72.8 million in fiscal 2026, an increase of \$86.8 million.
- ***Budget Reconciliation and Financing Act (BRFA) Provisions Redirect Funding and Replace with General Obligation (GO) Bonds among Other Actions:*** The BRFA of 2026 includes multiple provisions related to the Department of Natural Resources’s (DNR) pay-as-you-go (PAYGO)/capital program. The main provisions are the redirection of \$71.7 million in transfer tax special funds to the General Fund for Program Open Space (POS) – Local, the Rural Legacy Program, and Natural Resources Development Fund (NRDF); and \$13.1 million in Waterway Improvement Program special funds. The redirected special funds are replaced with GO bonds in the fiscal 2027 capital budget.
- ***Ocean City Beach Replenishment Project Receives Federal Funds:*** The Ocean City beach replenishment cost has increased to \$43 million due to the high demand for limited replenishment services. The Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act of 2026 became law on January 23, 2026, and included \$20.0 million for the U.S. Army Corps of Engineers (USACE) share of the beach replenishment project. DNR, USACE, Ocean City, and Worcester County will meet to discuss a reduced scope of work for next year’s replenishment project, in line with available funding. The \$20.0 million federal contribution will be used for the 53% federal share of the beach replenishment project and beach monitoring for the next four years.
- ***Oyster Sanctuary Restoration Goals Met under 2014 Chesapeake Bay Agreement:*** The National Oceanic and Atmospheric Administration (NOAA) notes on its website, which was last updated February 20, 2026, that the goal to restore reefs in 10 tributaries by the end of calendar 2025 has been met.
- ***Engineering and Construction Project Completion Trends Lower Due to Project Influx; Great Maryland Outdoors Act (GMOA) Spending Increasing but Meeting the Park System Critical Maintenance Fund Spending Goal Unclear:*** Critical maintenance capital project requests have increased substantially in recent years. Fiscal 2022 saw 60 requests, which increased to 202 requests in fiscal 2023 and then to an all-time high of 673 requests in fiscal 2024. DNR notes that the underlying demand for critical maintenance projects was

released in fiscal 2024, most likely due to the focus on the Maryland Park Service’s (MPS) infrastructure in Chapter 39 of 2022 (the GMOA). Chapter 39 created the Park System Capital Improvements and Acquisition Fund and the Park System Critical Maintenance Fund. Through February 18, 2026, DNR has increased its spending for both funds, but there remains a substantial gap between current spending and the full \$70.0 million required to be spent from the Park System Critical Maintenance Fund by fiscal 2029. DNR notes that the spending rate has increased from the Park System Critical Maintenance Fund due to the reorganization of the Engineering and Construction project management team, procurement team changes, and the increased delegated procurement authority for critical maintenance projects.

- ***Baltimore City Direct Grant Spreadsheet:*** The budget committees requested that DNR provide an editable electronic spreadsheet showing each year of Baltimore City Direct Grant funding, the projects funded by each year of funding broken down by projects specified by the legislature and specified by Baltimore City, and the status of each project in terms of reimbursement sought and project stage. The reports were requested to be submitted by October 1, 2025, and December 31, 2025. The submitted reports reflect project funding as far back as the \$0.6 million remaining of the \$1.0 million budgeted for the fiscal 2015 Gwynns Falls/Leakin Park – Winans Nature Center project, which is still being used for auxiliary purposes related to the original project, such as renovating an existing bathroom facility at the Winans Center. In a number of cases, funding for older projects has been reprogrammed if the projects are not moving forward or are reverted if the projects came in under budget. From fiscal 2021 to 2026, \$48.6 million is reflected as being appropriated for Baltimore City Direct Grant projects and a \$1.6 million appropriation for projects specified in legislation for a total of \$50.2 million. Of this \$50.2 million, \$22.4 million has been reimbursed for projects, or the projects have otherwise been closed, leaving a project balance of \$27.8 million.

PAYGO Recommended Actions

1. Adopt the following narrative:

Baltimore City Direct Grant Spending Spreadsheet: A portion of the Program Open Space Stateside funding is allocated for the Baltimore City Direct Grant. In recent years, certain projects have been specified for Baltimore City Direct Grant funding, but the status of spending and project progress has not been clear. In the 2025 session, a total of five prior year Baltimore City Direct Grant projects with specified funding were identified as either abandoned or completed with funding remaining, and the General Assembly repurposed the prior year project funding for new projects. The large number of projects identified in the 2025 session as either abandoned or completed with funding remaining reflects the need for additional information about Baltimore City Direct Grant funding. The committees request that the Department of Natural Resources (DNR) provide an editable electronic spreadsheet showing each year of Baltimore City Direct

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Grant funding, the projects funded by each year of funding broken down by projects specified by the legislature and specified by Baltimore City, and the status of each project in terms of reimbursement sought and project stage. The reports are requested to be submitted by October 1, 2026, and December 31, 2026.

Information Request	Author	Due Date
Baltimore City Direct Grant spending spreadsheet	DNR	October 1, 2026; and December 1, 2026

GO Bond Recommended Actions

1. Approve all authorizations, preauthorizations, and deauthorizations for the Department of Natural Resources.

Updates

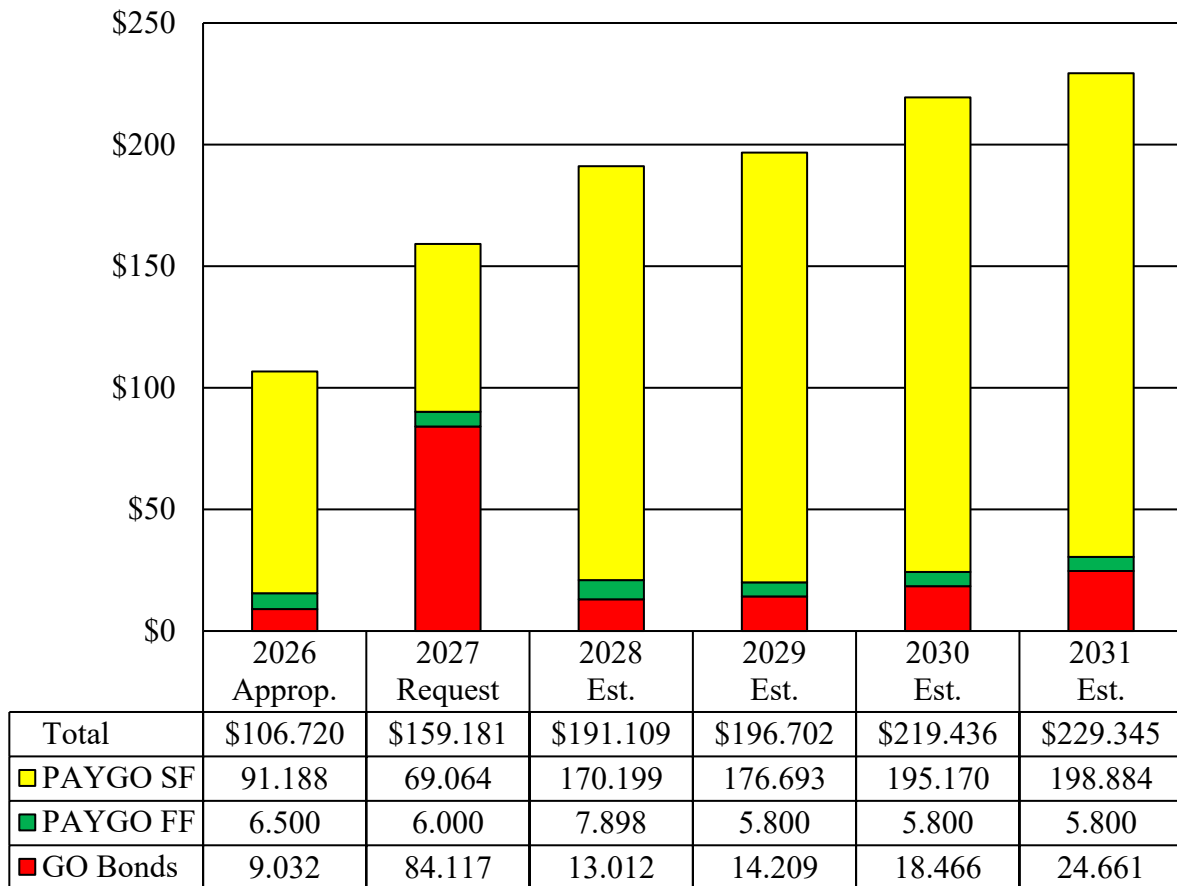
- ***Critical Maintenance Program Deauthorization:*** The fiscal 2027 capital budget bill includes the deauthorization of five projects authorized in the fiscal 2023 capital budget (Chapter 344 of 2022), earmarked in Critical Maintenance Program as follows: Patapsco Valley State Park – Alberton Lot Paving (Howard County) – \$100,000; Seneca Creek State Park – Replace Security Fence and Lights – Maintenance Complex (Montgomery County) – \$29,000; Seneca Creek State Park – Install Door Openers to Shop and Cold Storage Overhead Doors (Montgomery County) – \$20,000; Assateague State Park – Replace Fiberglass Showers and Hot Water Heaters – Bathhouse 1-5 and Concession (Worcester County) – \$125,000; and Cedarville State Forest – Reroof and Chimney Repairs Shelters 1 and 2 (Prince George’s County) – \$60,000. While the projects are deauthorized, the underlying funding will remain available to support other critical maintenance projects through the program.
- ***NRDF Preauthorization:*** The Rocky Gap State Park – Campground Improvements project in Allegany County is preauthorized for \$1,424,000 in fiscal 2028 to complete construction.

Budget Overview of Grant and Loan Programs

Fiscal 2027 Budget

As shown in **Exhibit 1**, the fiscal 2027 budget provides \$159.2 million for the various capital programs administered by DNR and is comprised of \$69.1 million in special funds, \$6.0 million in federal funds, and \$84.1 million in GO bonds.

Exhibit 1
Department of Natural Resources Capital Program Funding
Fiscal 2026-2031 Est.
(\$ Millions)



FF: federal funds
 GO: general obligation

PAYGO: pay-as-you-go
 SF: special funds

Source: Department of Budget and Management

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The changes in funding between fiscal 2026 and 2027 are as follows:

- **Special Funds:** There is a net decrease of \$22.1 million. The main reason for the change is the transfer tax special fund revenue increase, which is offset by the use of GO bond replacement funding to help balance the State budget. There is GO bond replacement funding being provided for POS – Local, the Waterway Improvement Program, and the Rural Legacy Program, but other changes in POS – State and Local mask the change in transfer tax special fund revenue. The Waterway Improvement Program’s special fund appropriation decreases by \$17,068,000, and the Rural Legacy Program’s special fund appropriation decreases by \$4,403,330. There are offsetting changes in special fund appropriation for POS – State and Local and POS – Public Access.
- **Federal Funds:** There is a decrease of \$500,000 in the Waterway Improvement Program to align with recent Sportfishing and Boating Safety Act funding, which decreases from \$1,500,000 to \$1,000,000.
- **GO Bonds:** There is an increase of \$75.1 million in GO bonds due to replacement GO bond funding being provided for special fund appropriations in POS – Local (\$49,775,000), the Rural Legacy Program (\$13,400,000), and the Waterway Improvement Program (\$13,068,000).

Transfer Tax Revenue Increases Due to Reduced Underattainment and Higher Revenue Projection

The budget includes \$232.8 million of transfer tax revenues that are comprised of \$245.4 million of estimated fiscal 2027 revenues and the application of a much smaller underattainment of fiscal 2025 revenues (\$12.6 million applied to fiscal 2027 compared to \$85.3 million applied to fiscal 2026), which reduce the total amount available in fiscal 2027. As shown in **Exhibit 2**, capital programs supported by the transfer tax receive \$159.6 million in fiscal 2027, compared to \$72.8 million in fiscal 2026, for an increase of \$86.8 million. Of note, the Governor’s budget plan swaps \$71.9 million of transfer tax-funded capital program funding and replaces it with GO bond authorizations. **Appendix 1** illustrates the revised transfer tax estimates.

Exhibit 2
Transfer Tax Funding
Fiscal 2025-2027
(\$ in Millions)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Difference</u> <u>2025-2026</u>	<u>Difference</u> <u>2026-2027</u>
Budgeted Fiscal 2025-2026 Revenue/Estimated					
Fiscal 2027 Revenues	\$233.1	\$219.6	\$245.4	-\$13.5	\$25.8
Over/Underattainment Adjustment	-79.5	-85.3	-12.6	-5.8	72.7
Total Revenues	\$153.6	\$134.3	\$232.8	-\$19.3	\$98.5
Total to Operating Programs	\$42.6	\$36.4	\$48.2	-\$6.2	\$11.7
Total to Capital Programs	\$111.0	\$72.8	\$159.6	-\$38.1	\$86.8

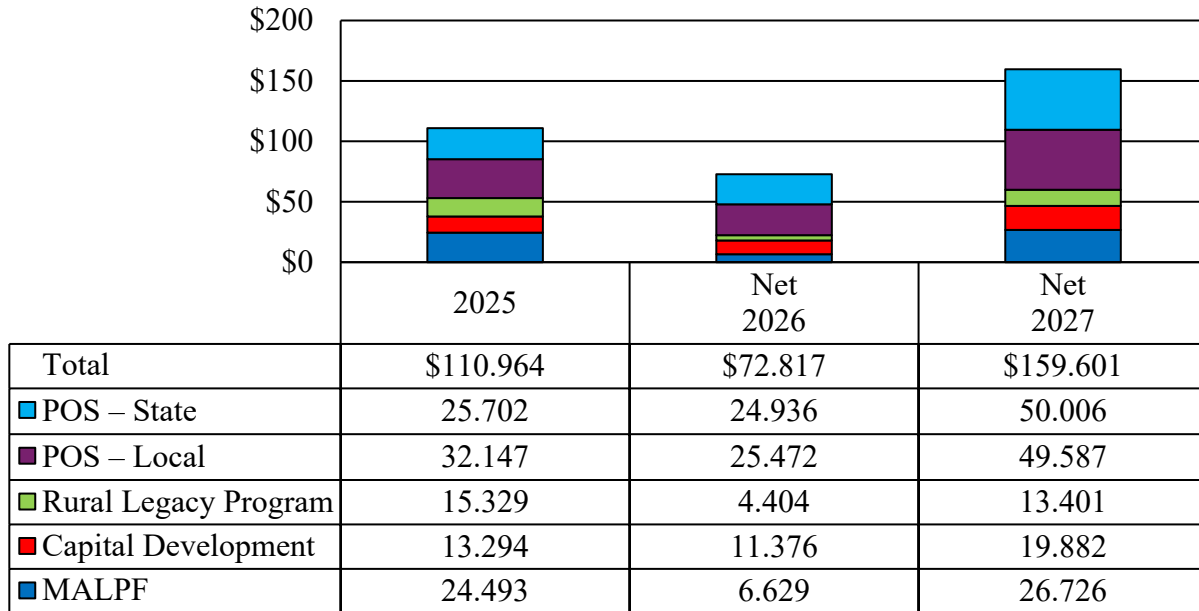
Note: Fiscal 2025 underattainment reflects actual fiscal 2023 revenues below budgeted revenues. Fiscal 2026 underattainment reflects actual fiscal 2024 revenues below budgeted revenues. Fiscal 2027 underattainment reflects actual fiscal 2025 revenues below budgeted revenues.

Source: Department of Budget and Management

Funding Increases for Programs Traditionally Funded with Transfer Tax Revenue

As shown in **Exhibit 3**, there is an increase of \$86.8 million between fiscal 2026 and 2027 for programs traditionally funded with transfer tax revenue. The net funding for fiscal 2026 and 2027 reflects the amounts received by the programs after the transfer of funding to the General Fund for POS – State, the Rural Legacy Program, and the Maryland Agricultural Land Preservation Foundation. The largest increase between the two years is for POS – State, which increases by \$25.1 million, followed closely by a \$24.1 million increase for POS – Local.

Exhibit 3
Transfer Tax and GO Bond Allocation to Capital Programs
Fiscal 2025-2027
(\$ in Millions)



GO: general obligation
MALPF: Maryland Agricultural Land Preservation Foundation
POS: Program Open Space

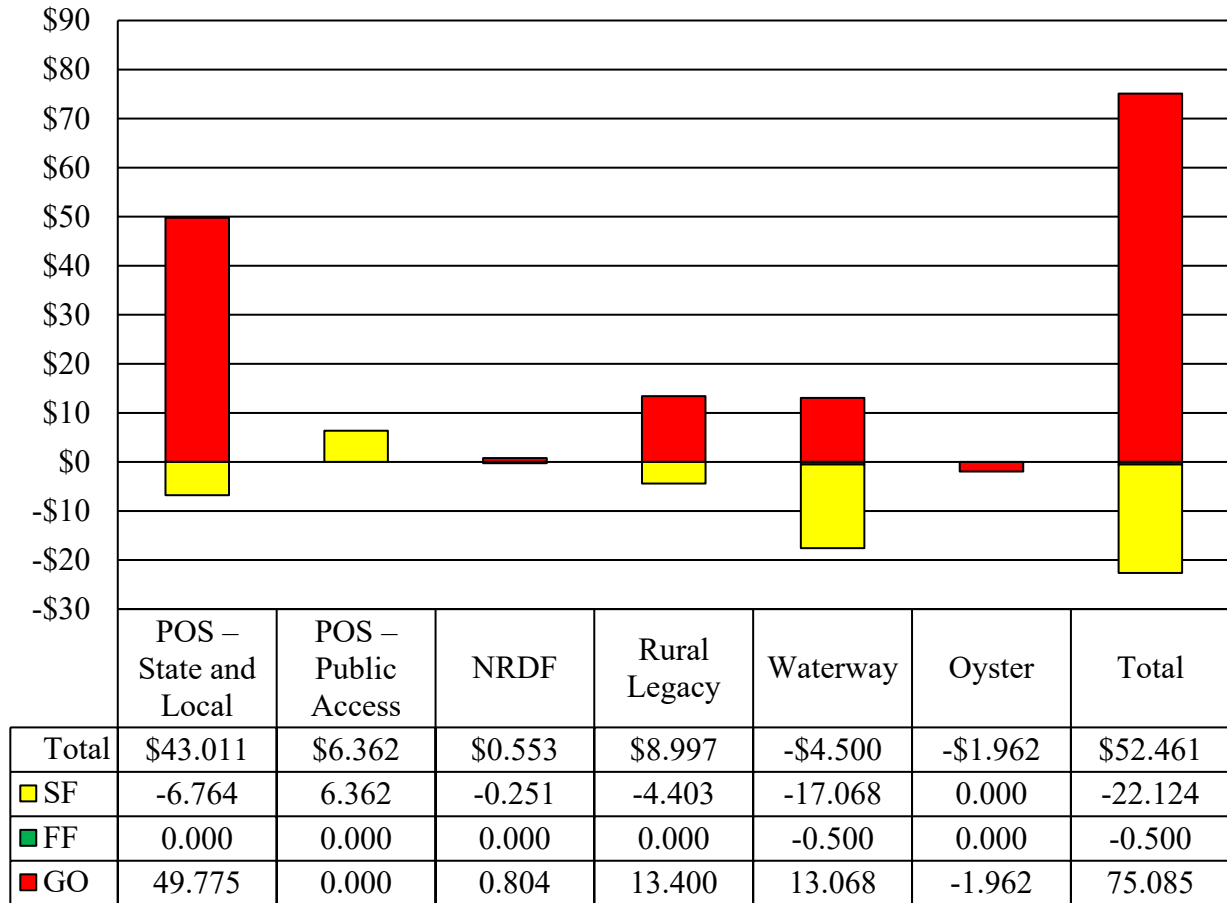
Note: The fiscal 2027 POS – Local funding reflects the reduction of \$332,797 that is allocated to the Jefferson Patterson Park and Museum contingent on a provision in the Budget Reconciliation and Financing Act of 2026. In the Governor’s fiscal 2027 budget plan, transfer tax funding is replaced by the following amounts in GO bonds: (1) \$49,775,000 for POS –Local; (2) \$13,400,000 for the Rural Legacy Program; and (3) \$8,757,000 for the Natural Resources Development Fund (part of Capital Development).

Source: Department of Budget and Management

Program Changes by Fund

Exhibit 4 illustrates DNR’s capital programs with changes by fund between fiscal 2026 and 2027. The programs that do not have a change are POS – Greenspace Equity Program, Ocean City Beach Maintenance, and Community Parks and Playgrounds, which remain at \$7.0 million in special funds, \$2.0 million in special funds, and \$5.0 million in GO bonds, respectively. The Critical Maintenance Program does not receive funding in either fiscal 2026 or 2027 due to the availability of Park System Critical Maintenance Fund funding, which received an appropriation of \$70.0 million in fiscal 2024 that must be spent by July 1, 2029.

Exhibit 4
Department of Natural Resources Capital Funding Changes
Fiscal 2026-2027
(\$ in Millions)



FF: federal funds
 GO: general obligation
 NRDF: Natural Resources Development Fund
 POS: Program Open Space
 SF: special funds

Source: Department of Budget and Management; Department of Legislative Services

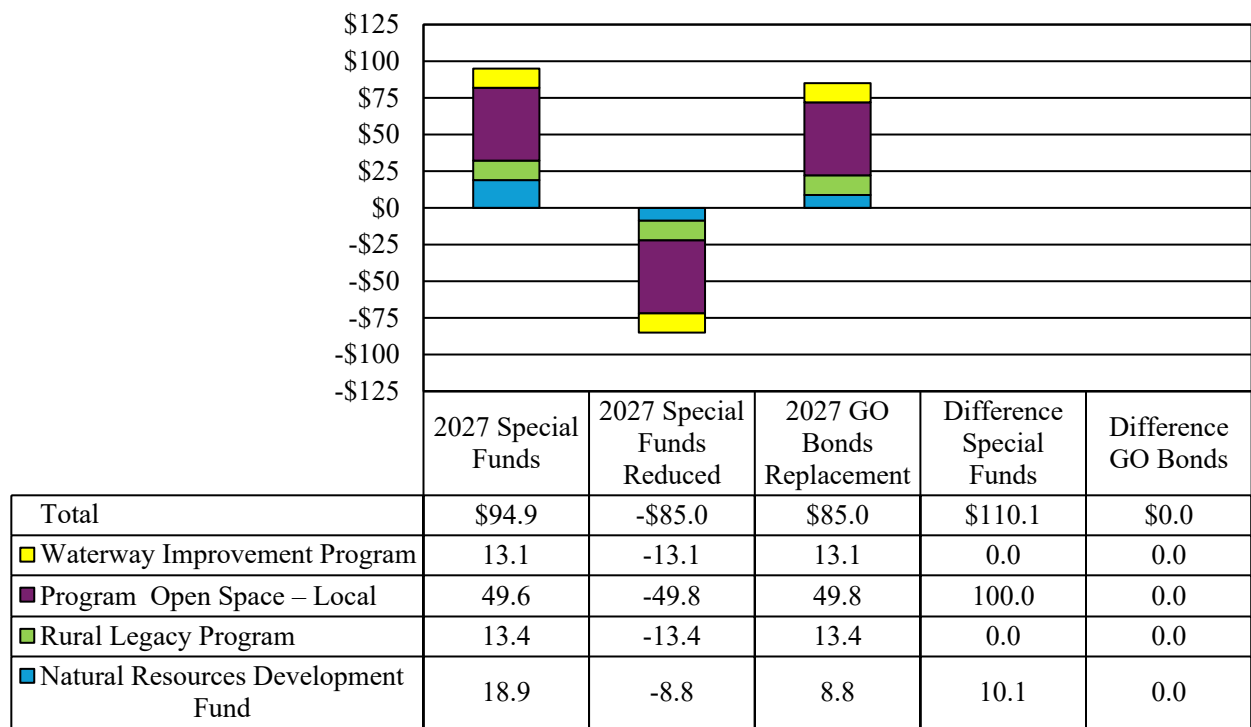
GO Bond Replacement Funding and Other Adjustments

As shown in **Exhibit 5**, the Governor’s fiscal 2027 budget plan includes the replacement of \$85.0 million in transfer tax special funds and Waterway Improvement Program special funds with \$85.0 million in GO bond authorizations. The fiscal 2027 special funds for POS – Local

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reflect the reduction of \$332,797 that is allocated to the Jefferson Patterson Park and Museum contingent on a provision in the BRFA of 2026. The difference in special funds reflects that the NRDF retains is \$10.1 million in transfer tax special funds after the transfer to the General Fund. The POS – Local special fund reduction and full GO bond replacement reflects the \$188,844 in prior year POS – Local funds that reverted to and are held in a special account by DNR and are being transferred to the General Fund in fiscal 2027 by a provision in the BRFA of 2026.

**Exhibit 5
Capital Program Funding Replaced by GO Bonds
Fiscal 2027
(\$ in Millions)**



GO: general obligation

NRDF: Natural Resources Development Fund

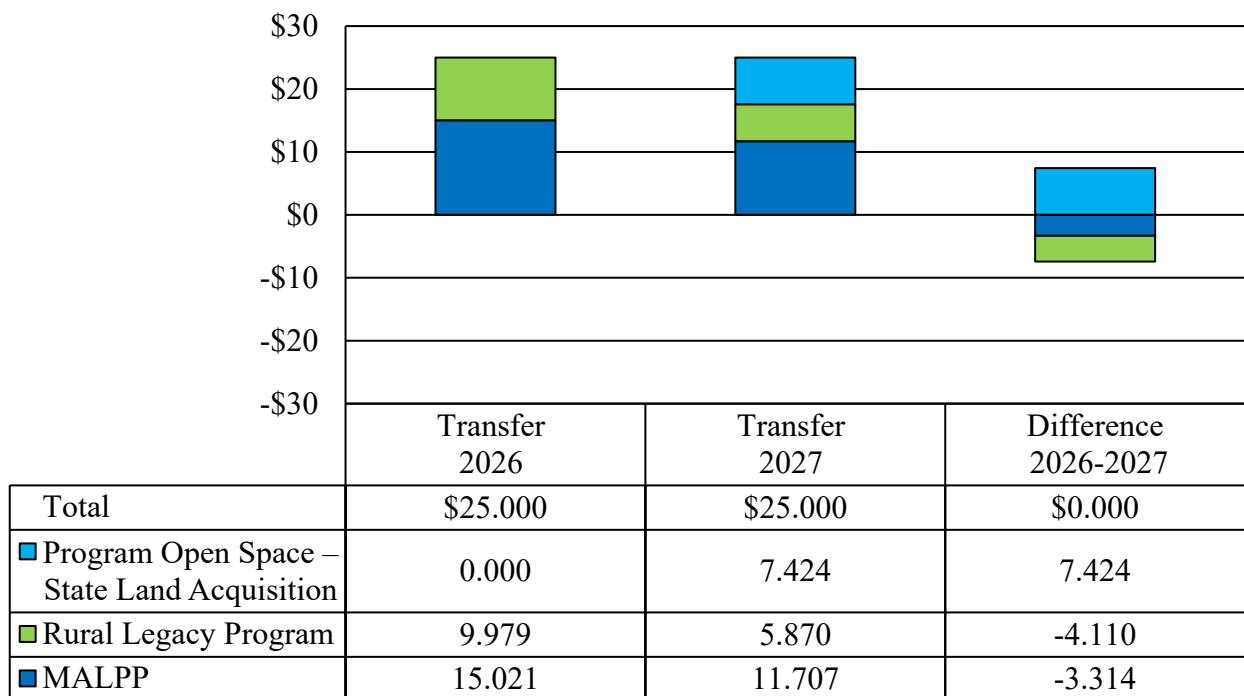
Note: The fiscal 2027 special funds for POS – Local reflect the reduction of \$332,797 that is allocated to the Jefferson Patterson Park and Museum contingent on a provision in the Budget Reconciliation and Financing Act (BRFA) of 2026. The difference in special funds reflects that the NRDF retains \$10.1 million in transfer tax special funds after the transfer to the General Fund. The POS – Local special fund reduction and full GO bond replacement reflects the \$188,844 in prior year POS – Local funds that reverted to and are held in a special account by the Department of Natural Resources and are being transferred to the General Fund in fiscal 2027 by a provision in the BRFA of 2026.

Source: Department of Budget and Management

Transfers to the General Fund

Chapter 604 of 2025 (BRFA of 2025) redirected \$25.0 million in transfer tax revenue to the General Fund for fiscal 2026 through 2029 from the following State land preservation programs: POS – State land acquisition; the Rural Legacy Program; and the Maryland Agricultural Land Preservation Program (MALPP). Chapter 604 allocated the amount transferred annually proportionally to estimated revenues received by the three programs and specified that existing provisions requiring reimbursement do not apply to the transfers. **Exhibit 6** shows the transfers for fiscal 2026 and 2027. POS – State land acquisition did not receive a transfer tax allocation in fiscal 2026 and thus, did not contribute to the transfer to the General Fund. In contrast, POS – State land acquisition receives a transfer allocation in fiscal 2027 due to the increase in estimated revenues, which allows for the POS – State land acquisition to contribute to the overall \$25.0 million transfer to the General Fund and reduce the amounts transferred by the Rural Legacy Program and MALPP.

Exhibit 6
BRFA of 2025 Transfers to the General Fund
Fiscal 2026-2027
(\$ in Millions)



BRFA: Budget Reconciliation and Financing Act
MALPP: Maryland Agricultural Land Preservation Program

Source: Department of Budget and Management

Budget Reconciliation and Financing Act of 2026

The BRFA of 2026 includes four main provisions, one of which includes multiple components affecting DNR’s PAYGO program. The BRFA provisions are as follows:

- ***POS Revenues Redirected to the General Fund and Replaced with GO Bonds:*** redirects \$71,743,156 in transfer tax special funds to the General Fund in fiscal 2027 only and replaces those funds with GO bonds and transfers \$188,844 from POS – Local funds that revert to and are held in a special account by DNR and replaces the funding with GO bonds. The transfer tax special funds redirected to the General Fund are as follows: (1) \$49,586,156 from POS – Local; (2) \$13,400,000 from the Rural Legacy Program; and (3) \$8,757,000 from the NRDF. The fiscal 2027 budget as introduced includes a \$71,932,000 special fund reduction contingent on legislation allowing the transfer tax appropriation to POS – Local, Rural Legacy, and the NRDF to be fully replaced with GO bonds in fiscal 2027 only. The fiscal 2027 capital budget bill includes GO bond funding for programs as follows: (1) \$49,775,000 for POS – Local, which includes \$188,844 to replace the amount held in a special account that is reverted; (2) \$13,400,000 for the Rural Legacy Program; and (3) \$8,757,000 for the NRDF, comprised of \$804,000 budgeted directly for the NRDF and \$7,953,000 for MPS sewer and water projects constructed as part of the Maryland Environmental Service’s (MES) State Water and Sewer Infrastructure Improvement Fund GO bond authorization.
- ***Require Heritage Conservation Fund and Other Funds to Be Included in POS – State Land Acquisition Balance:*** requires the Heritage Conservation Fund and any other funds appropriated to POS – Stateside to be included as part of the POS – State land acquisition balance. The fiscal 2027 operating budget as introduced includes a \$5,598,443 special fund appropriation in MPS, contingent on legislation that includes the Heritage Conservation Fund with the POS – State land acquisition balance for the purpose of fund transfer to the operating fund. The Governor’s fiscal 2027 budget plan includes the use of \$12,630,879 from the POS – State land acquisition balance for MPS operating expenses, as authorized by Chapter 443 of 2025 (Natural Resources – Public Lands – Acquisition, Staffing, Operations, and Funding). DNR may use any amount of the transferred funds as a one-time fiscal year expenditure for (1) operation and maintenance of lands administered and managed by the department; (2) administrative expenses related to land acquired by the department under POS; or (3) law enforcement activities, services, salaries, and related expenses of the Natural Resources Police. DNR may also transfer any amount of the transferred funds to the Forest or Park Reserve Fund.
- ***Repurpose of Funds for State Land under POS:*** authorizes \$980,000 in fiscal 2018 POS – State land acquisition special fund appropriation restricted for the purpose of providing a grant to the College of Southern Maryland to purchase the La Grange property to instead be used for POS – State land acquisition. A workgroup of stakeholders in the project recommended that the grant funding for the property purchase be canceled.

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- ***Waterway Improvement Fund (WIF) Revenues Transferred to the General Fund:*** authorizes the Governor to transfer \$13,068,000 from the WIF on or before June 30, 2027. The provision also stipulates that the transferred funds are to be replaced. The fiscal 2027 capital budget as introduced includes an authorization of \$13,068,000 in GO bonds.

Program Open Space – Land Acquisition and Local Program

Program Description: Title 5, Subtitle 9 of the Natural Resources Article established POS for the purpose of expediting the acquisition of outdoor recreation and open space areas and the provision of recreation facilities before land is devoted to other purposes. The POS appropriation has historically been split between the State (land acquisition and operation) and local governments (acquisition, development, and planning projects). State acquisitions tend to place a greater emphasis on natural resource management. In addition, POS funds are allocated to capital improvements and critical maintenance, which are described as separate programs. Primary funding for POS has historically been provided by the State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another. POS administers the Heritage Conservation Fund, which is used to acquire land that provides habitat for rare, threatened, and endangered species.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$37.770	\$31.006	\$93.150	\$99.962	\$114.484	\$118.973
FF	5.000	5.000	5.000	5.000	5.000	5.000
GO Bonds	0.000	49.775	0.000	0.000	0.000	0.000
Total	\$42.770	\$85.781	\$98.150	\$104.962	\$119.484	\$123.973

Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Baltimore City Direct Grant – Special Funds (Baltimore City)	\$116.000	\$66.000	\$10.000	\$40.000
POS – Federal Funds (Statewide)	64.750	39.750	5.000	20.000
POS – Local – Acquisition and Development Projects – Special Funds (Statewide)	819.438	528.236	49.587	241.615
POS – Local – Acquisition and Development Projects – Reserve Fund – GO Bonds (Statewide)	0.189	0.000	0.189	0.000
POS – Heritage Conservation Fund (Statewide)	26.063	2.298	4.057	19.708
POS – Stateside – State Land Acquisition (Statewide)	633.570	491.375	16.948	125.247
Total	\$1,660.010	\$1,127.659	\$85.781	\$446.570

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- **Changes:** The fiscal 2027 allowance reflects \$14.3 million more than the planned amount for fiscal 2027 due to an increase in transfer tax revenue. POS – State land acquisition receives \$16.9 million in fiscal 2027; no funding was provided for this purpose in fiscal 2026 due to the availability of a substantial encumbered balance. In addition, funding was prioritized for the POS – Public Access Program because there continued to be high demand for public access to open space and DNR lands, including State forests, parks, and wildlife management areas. POS – Local receives \$49.8 million in GO bond funding that replaces transfer tax special funds.
- **Encumbrances and Expenditures:** There is \$8.7 million still to be encumbered from before fiscal 2022 and \$121.8 million left to be expended. On average, about \$100.0 million was encumbered each year from fiscal 2022 to 2025. The fiscal 2026 spending plan is to encumber \$117.0 million, leaving \$147.9 million remaining unencumbered at the beginning of fiscal 2027. DNR’s operating budget includes the use of \$12.6 million from the POS – State land acquisition balance to support MPS’s operations.
- **Other Comments:** The POS – State land acquisition cost is estimated to be \$8,500 per acre. The local POS distribution is shown in **Appendix 2**.

Program Open Space – Public Access Program

Program Description: The POS – Public Access Program funding comes from the POS – State share of the transfer tax and is used to enhance public access to existing recreational and open space sites. Projects may include entrance roads, parking, trails, water access, health and safety, and general access improvements. The funding for POS – Public Access Program was included in the POS – Land Acquisition and Local Program prior to fiscal 2024 but was broken out beginning in fiscal 2024 to increase transparency.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$5.638	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000
Total	\$5.638	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000

Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Bill Burton Fishing Pier State Park – Fishing Pier Demolition (Dorchester)	\$10.850	\$0.850	\$5.600	\$4.400
Wills Mountain State Park – Entrance, Road, and Parking Improvements (Allegany)	3.500	1.000	2.000	0.000
Sang Run State Park – General Store Renovation (Garrett)	2.638	0.638	2.000	0.000

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Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Fair Hill Natural Resource Management Area – Carriage Tunnel Replacement (Cecil)	5.000	0.000	1.000	4.000
Bill Burton Fishing Pier State Park – New Fishing Pier (Dorchester)	23.000	0.000	1.000	22.000
Hallowing Point State Park – Entrance, Road, Parking, and Beach Improvements (Calvert)	10.701	0.000	0.400	5.000
Total	\$55.689	\$2.488	\$12.000	\$35.400

- **Changes:** No changes. The fiscal 2027 allowance reflects the amount programmed in the 2025 *Capital Improvement Program* (CIP) for fiscal 2027, and the 2026 CIP reflects the \$12,000,000 programmed for fiscal 2028 through 2031.
- **Encumbrances and Expenditures:** The fiscal 2026 spending plan reflects \$30,177,492 in beginning balance from fiscal 2025, \$5,637,571 in the fiscal 2026 appropriation, and the encumbering of \$17,407,139, leaving \$18,407,924 for fiscal 2027. The program encumbered \$681,091 in fiscal 2023, \$1,019,160 in fiscal 2024, and \$10,380,311 in fiscal 2025.
- **Projects Selected:** The fiscal 2027 budget includes funding for six projects in five jurisdictions. The Bill Burton Fishing Pier State Park – Fishing Pier Demolition and New Fishing Pier is the largest combined project. The fiscal 2027 funding is for demolition of the old fishing pier and design for the new pier. The project received prior funding of \$150,000 in special funds in fiscal 2018 for a structural assessment of the fishing pier and \$600,000 in special funds in fiscal 2023 from the POS – Public Access Program for design. The Sang Run State Park – General Store Renovation project costs increased from the \$1,500,000 reported in last year’s analysis to the \$2,637,571 reported this year. The Wills Mountain State Park – Entrance, Road, and Parking Improvements project also increased in cost from \$1,000,000 to \$3,500,000. In addition, DNR’s fiscal 2027 operating budget includes \$350,000 in special funds for Wills Mountain State Park access and site remediation costs. DNR plans to open Wills Mountain State Park to the public in September 2026.

Program Open Space – Greenspace Equity Program

Program Description: Chapter 487 of 2023 (Natural Resources – Greenspace Equity Program – Establishment) established the POS – Greenspace Equity Program. The purpose of the program is to enhance the public health and livability of overburdened communities and underserved communities by implementing projects to preserve, create, and enhance community greenspace. Funding comes from the POS – State share, and the Governor is required to appropriate funding as follows: fiscal 2025, up to \$5.0 million; fiscal 2026, up to \$7.0 million;

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and fiscal 2027 and thereafter, up to \$10.0 million. DNR is required to make grants to eligible applicants for community greenspace projects located (1) in an overburdened community; (2) in an underserved community; or (3) on a property that is owned by an eligible applicant or for which the applicant holds a conservation easement and is located in a census tract adjacent to an overburdened or underserved community.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$7.000	\$7.000	\$10.000	\$10.000	\$10.000	\$10.000
Total	\$7.000	\$7.000	\$10.000	\$10.000	\$10.000	\$10.000

- Changes:** The fiscal 2027 POS – Greenspace Equity Program allowance is consistent with the mandated funding level, but \$3.0 million less than the amount planned. The Department of Budget and Management (DBM) advised that the program was level funded, while further evaluation of program demand and policies is to be undertaken. The 2026 CIP reflects that the program is to be funded at the mandated level by Chapter 487 from fiscal 2028 through 2031. Projects will be determined based on the applications received. The plan is for DNR to provide a recommended project list by fall 2026 for the fiscal 2028 grant round and thus, the fiscal 2028 projects will be included in the 2027 session budget information.
- Encumbrances and Expenditures:** The fiscal 2026 spending plan reflects \$687,143 in beginning balance from fiscal 2025 – the beginning of the program; \$7.0 million in fiscal 2026 appropriation; and the encumbering of \$7,687,143, leaving \$119,761 for fiscal 2027. There is \$687,143 to be encumbered and \$5.0 million to be expended from the fiscal 2025 authorization.
- Other Comments:** The program received 40 applications for \$12 million for the fiscal 2025 grant application cycle. For fiscal 2025, DNR took a total of \$4.9 million in funding to the Board of Public Works (BPW) for 22 projects. The fiscal 2026 appropriation of \$7.0 million was restricted by the General Assembly for 3 projects: \$3.5 million for a grant to the City of Hyattsville to purchase property for a park; \$3.0 million for the Maryland-National Capital Park and Planning Commission to support the new Adventure Sports Park within Wheaton Regional Park in Montgomery County; and \$500,000 for The Roland Park Community Foundation, Inc. to support Hillside Park in Baltimore City.

Program Open Space – Natural Resources Development Fund

Program Description: State law allows up to 25.0% of POS funds allocated to the State to be used for capital development projects and for operating expenses at State forests and parks. The NRDF provides support for designing and constructing development projects on DNR property. Capital development projects include shower buildings, building renovations, road parking and trail improvements, and general park improvements. In addition, the NRDF provides funding for dam

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and bridge rehabilitations and water and wastewater projects on DNR property through the MES Infrastructure Improvement Fund capital program.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$10.376	\$10.125	\$18.946	\$15.563	\$18.160	\$17.139
FF	0.000	0.000	1.898	0.000	0.000	0.000
GO Bonds	0.000	0.804	5.000	5.000	0.000	5.000
Total	\$10.376	\$10.929	\$25.844	\$20.563	\$18.160	\$22.139

Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Cedarville State Forest – New Manning Freshwater Mussel Hatchery (Charles)	\$12.649	\$0.000	\$5.734	\$0.000
Rocky Gap State Park – Campground Improvements (Allegany)	7.654	0.385	2.845	1.424
Mt. Nebo Wildlife Management Area – Natural Resource Police New Office, Garage and Storage Facility (Garrett)	5.895	4.583	1.312	0.000
Bridge Inspection and Improvement Projects (Statewide)	7.165	6.156	0.500	0.500
Dam Assessments and Rehabilitation (Statewide)	30.386	9.072	0.342	20.972
Hallowing Point State Park – New Southern Region Multipurpose Facility and Site Improvements (Calvert)	10.701	0.000	0.196	5.105
Total	\$74.441	\$20.196	\$10.929	\$28.001

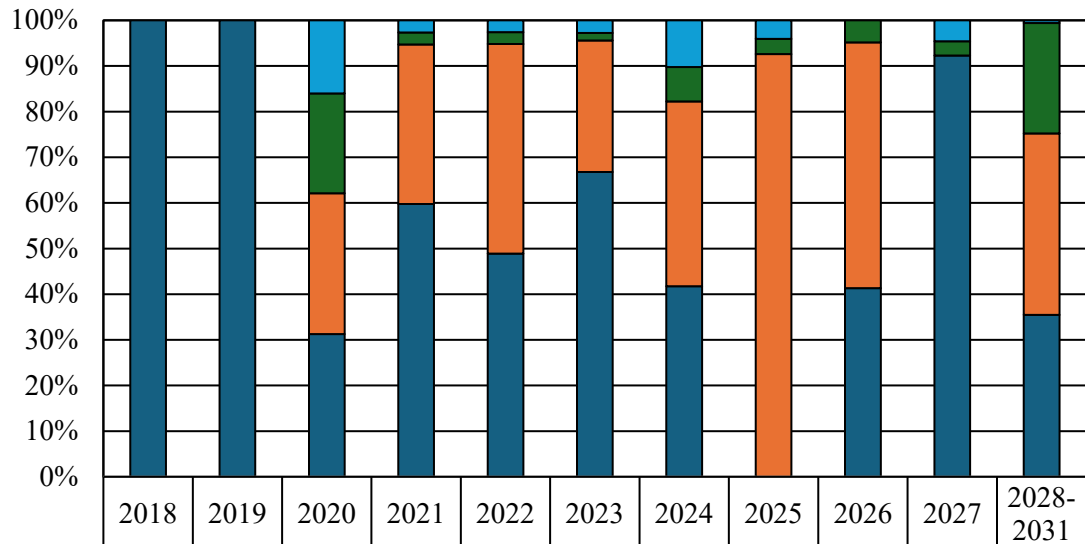
Note: The State Park Water and Sewer Infrastructure Improvement Fund funding is reflected as GO bonds in MES’s fiscal 2027 authorization. Figures do not include nonbudgeted funds from the POS – Public Access Program, the Park System Capital Improvement and Acquisition Fund, and settlement funds from the Conowingo Dam Settlement with Constellation Energy.

- Changes:** The decrease in fiscal 2027 funding relative to the amount programmed for fiscal 2027 reflects \$8.0 million for the State Park Water and Sewer Infrastructure Improvement Fund that has been replaced with GO bonds in MES’s fiscal 2027 authorization, the replacement of \$0.8 million for the Cedarville State Forest – New Manning Freshwater Mussel Hatchery project with GO bonds, and delays in the Cedarville State Forest – Campground and Road Improvements, New Visitor Center, and Forestry Building project. The fiscal 2027 funding is augmented by \$3.4 million in nonbudgeted funds. The 2026 CIP reflects slightly reduced special funds in the out-years as a result of additional funding being programmed for the Critical Maintenance Program. There is no change in the GO bonds programmed in fiscal 2028 and 2029. GO bonds are also added in fiscal 2031.

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- ***Encumbrances and Expenditures:*** There is still \$3.5 million to be encumbered and \$7.1 million to be expended from before fiscal 2022. The fiscal 2026 spending plan reflects \$43.1 million in beginning balance from fiscal 2025; \$10.4 million in the fiscal 2026 appropriation; and the encumbering of \$31.3 million, leaving \$22.1 million for fiscal 2027. DNR has recently improved its encumbering, with a \$28.2 million encumbrance level in fiscal 2025 and overall average encumbrance of approximately \$17.3 million per year between fiscal 2022 and 2025.
- ***Projects Selected:*** The fiscal 2027 spending plan provides funds for four projects in four jurisdictions and two statewide programs. The largest project selected for fiscal 2027 funding is the Cedarville State Forest – New Manning Freshwater Mussel Hatchery, which receives \$5.7 million in budgeted funds – \$4.9 million in transfer tax special funds and \$0.8 million in GO bonds – and an additional \$3.0 million in nonbudgeted funds from the settlement agreement to mitigate Conowingo Dam impacts on mussel populations in the Susquehanna River watershed. In terms of other projects supported by nonbudgeted funds, the Hallowing Point State Park – Southern Region Multi-Unit Facility in Calvert County receives \$0.2 million in transfer tax special funds and \$0.4 million from the POS – Public Access Program for design. The two statewide programs are Bridge Inspection and Improvement Projects and Dam Assessments and Rehabilitation. Bridge Inspection fiscal 2027 funding supports the construction of bridge improvements for five bridges on the Torrey C. Brown Rail Trail. Dam Assessments and Rehabilitation fiscal 2027 funding supports completion of design for repairs to the Senate Creek State Park – Clopper Lake Dam and evaluations and design of repair to DNR dams throughout the State.
- ***Concerns:*** As shown in **Exhibit 7**, in fiscal 2020, funding was allocated for the first time to dedicated programs for bridge inspection and improvement projects, dam assessments and rehabilitations, as well as the State Park Water and Sewer Infrastructure Improvement Fund administered by MES. Since fiscal 2020, a greater proportion of funding has been allocated to the State Park Water and Sewer Infrastructure Improvement Fund. The fiscal 2027 budget reflects 92% of NRDF funding supporting regional projects, which is an increase from the 41% supported in fiscal 2026. However, the 2026 CIP reflects an annual average of only 35% of funding supporting regional projects for fiscal 2028 through 2031.

**Exhibit 7
Natural Resources Development Fund Allocation by Purpose
Fiscal 2018-2031**



	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028-2031
■ Bridge Inspection and Improvement Projects	\$0.000	\$0.000	\$3.141	\$0.500	\$0.500	\$0.828	\$3.328	\$0.500	\$0.000	\$0.500	\$0.500
■ Dam Assessments and Rehabilitation	0.000	0.000	4.300	0.500	0.500	0.500	2.439	0.408	0.501	0.342	20.972
■ State Park Water and Sewer Infrastructure Improvement Fund	0.000	0.000	6.052	6.604	8.871	8.648	13.160	11.386	5.585	0.000	34.481
■ Regional Projects	11.797	14.356	6.139	11.296	9.447	20.061	13.558	0.000	4.290	10.087	30.753

Note: The fiscal 2027 to 2030 funding for Dam Assessments and Rehabilitation includes \$10.0 million in general obligation (GO) bonds to begin repairs and improvements at several dams and appears to include an additional \$5.0 million for this purpose in fiscal 2031. The State Park Water and Sewer Infrastructure Improvement Fund funding does not include the GO bonds planned to be used for wastewater infrastructure at Greenbrier State Park.

Source: Department of Budget and Management

- **Comments:** The 2027 capital budget bill includes a preauthorization of \$1,424,000 in fiscal 2028 to complete construction of the Rocky Gap State Park – Campground Improvements.

Rural Legacy Program

Program Description: The purpose of the Rural Legacy Program is to protect agricultural and natural resources land from sprawl development and thus to promote resource-based economies and develop greenbelts. Program funds are used to purchase conservation easements on land based on Rural Legacy Areas recommended by the Rural Legacy Board and approved by BPW.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$4.404	\$0.001	\$15.287	\$16.176	\$22.038	\$22.459
GO Bonds	0.000	13.400	0.000	0.000	0.000	0.000
Total	\$4.404	\$13.401	\$15.287	\$16.176	\$22.038	\$22.459

- Changes:** The decrease in funding relative to the programmed amount for fiscal 2027 primarily reflects the transfer of \$5.9 million to the General Fund as required by Chapter 604; this diversion is not replaced with GO bonds. The remaining special funds that would otherwise be budgeted to the program are largely replaced with \$13.4 million in GO bond authorization.
- Encumbrances and Expenditures:** There is no funding to be encumbered or expended from before fiscal 2022. The fiscal 2026 spending plan is to retain the fiscal 2026 \$4.4 million appropriation and combine it with the fiscal 2027 appropriation for one combined funding round. Therefore, there is \$4.4 million to combine with the \$13.4 million fiscal 2027 authorization for a single fiscal 2026 and 2027 funding round of \$17.8 million. The program has encumbered \$23.8 million on average between fiscal 2022 and 2025.
- Performance Measures:** The Rural Legacy Program has funded approximately 19% of the grant amounts requested from the program’s inception through fiscal 2025. Fiscal 2026 is excluded due to the combination of the fiscal 2026 and 2027 grant rounds.
- Other Comments:** The fiscal 2027 cost per acre for the Rural Legacy Program is estimated to be \$4,500, which would allow for the preservation of approximately 3,957 acres using the \$17.8 million in combined fiscal 2026 and 2027 funding.

Ocean City Beach Maintenance

Program Description: The Ocean City Beach Maintenance Fund was established to fund annual maintenance for the Ocean City beach replenishment project. When the fund was established, the State entered into a funding agreement with Worcester County and Ocean City. The funding agreement stipulates that not less than \$1.0 million from the State and not less than \$500,000 each from the county and the city must be provided annually. Periodic nourishment, usually on a 4-year cycle, is deemed the most cost-effective method of maintaining the beach over a 50-year period, with the costs usually shared as 53% federal and 47% State, Worcester County, and Ocean City. Transfer tax revenue within POS or GO bonds are used to fund the State’s contribution to this effort.

Fund Sources:						
(\$ in Millions)	2026 Request	2027	2028	2029	2030	2031
SF	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000
Total	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000

- Encumbrances and Expenditures:** There is still \$5.4 million to be encumbered and \$5.7 million to be expended from before fiscal 2022. The spending plan reflects an opening balance of \$7.5 million for fiscal 2026, the addition of the \$2.0 million in State and local funding, and no encumbrances planned, allowing for the \$9.5 million to be allocated for the dune replenishment project when the final project cost and scope is determined.
- Projects Selected:** The maintenance contract was encumbered in fiscal 2025 and will end in fiscal 2027. The next planned beach replenishment project is now scheduled for winter 2026 to 2027, as noted in the following section.
- Performance Measures:** DNR has placed approximately 13.3 million cubic yards of sand on the Ocean City shoreline. According to USACE, the protective beach, dunes, and bulkhead prevented approximately \$1.5 billion in potential storm damages to the Ocean City infrastructure from Hurricane Sandy.
- Concerns:** The next planned beach replenishment project was scheduled for winter 2025 to 2026. The total estimated project cost was \$18 million, which would have required a State contribution of approximately \$9.5 million based on the State’s 53% portion of the total project cost shared with USACE. However, the project was delayed due to a lack of funding through USACE’s budget and the increased estimated project cost, which has risen to approximately \$43 million. The cost increase is due to the restricted market of firms that do beach replenishment work and the increased demand from other jurisdictions due to the frequency and severity of storms. Going forward, \$20.0 million for USACE’s share of the beach replenishment project will be available. DNR, USACE, Ocean City, and Worcester County will meet to discuss a reduced scope of work for next year’s replenishment project,

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in line with available funding. The \$20.0 million federal contribution will be used for the 53% federal share of the beach replenishment project and beach monitoring for the next four years.

Waterway Improvement Program

Program Description: The Waterway Improvement Program finances projects to expand and improve public boating access throughout the State. The 5.0% excise tax paid on the sale of motorized vessels within the State and 0.5% of the motor vehicle fuel tax support the fund. Funding is provided in the form of grants and/or long-term, interest-free loans to local governments, DNR, and some federal government agencies: (1) grants (100.0%) not to exceed \$5,000; (2) grants (100.0%) less than \$100,000; (3) public navigation improvement and DNR boating facility construction grants (100%) of unlimited amounts; (4) matching grants with a maximum State cost-share (50%); and (5) interest-free loans (100%), with a 25-year maximum. Additional funding specifications are provided for dredging/navigation projects and boating access facility and boating safety projects.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
SF	\$24.000	\$6.932	\$16.000	\$13.500	\$10.500	\$8.500
FF	1.500	1.000	1.000	0.800	0.800	0.800
GO Bonds	0.000	13.068	0.000	0.000	0.000	0.000
Total	\$25.500	\$21.000	\$17.000	\$14.300	\$11.300	\$9.300

Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Somers Cove Marina – Bulkhead Replacement and Facility Improvements (Somerset)	\$32.423	\$23.696	\$8.727	\$0.000
Gunpowder River and Taylor’s Creek Maintenance Dredging (Kent)	1.500	0.000	1.500	0.000
Pleasure Island Channel Maintenance Dredging (Baltimore County)	4.250	0.250	1.400	2.600
Cambridge Yacht Marina – Basin Improvements (Dorchester)	1.000	0.000	1.000	0.000
U.S. Fish and Wildlife Services Boating Access Projects (Statewide)	1.000	0.000	1.000	0.000
Statewide – Emergency Dredging and Navigation Needs (Statewide)	0.965	0.000	0.965	0.000
Queenstown Creek – Channel Dredging and Beneficial Use Placement (Queen Anne’s)	2.565	1.639	0.925	0.000

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Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Saint Michaels Boat Ramp and Marina – Boating Facility Improvements (Talbot)	2.072	0.000	0.725	1.347
Marley Creek Dredging (Anne Arundel)	0.723	0.000	0.723	0.000
Tuckahoe Landing – New Bridge Landing Boating Facility Improvements (Talbot)	0.571	0.025	0.546	0.000
Tylers Cove Marina Renovations (Dorchester)	1.000	0.500	0.500	0.000
Remaining Projects	5.265	0.660	2.989	1.615
Total	\$53.333	\$26.770	\$21.000	\$5.562

- **Changes:** The funding plan for the Waterway Improvement Program is \$4.5 million less than the amount planned for fiscal 2027 in the 2025 CIP due to the prioritization of \$4.0 million in special funds in DNR’s operating budget and a reduction of \$0.5 million in federal funds to align with recent federal fund appropriations. The funding plan also reflects the transfer of \$13.1 million to the General Fund via a provision in the BRFA of 2026 and the full replacement with GO bonds. The planned fiscal 2029 through 2031 special fund appropriations have been reduced to reflect a combination of lower estimated revenues and increased use of the fund to support the operating budget.

- **Encumbrances and Expenditures:** There is still \$9.8 million to be encumbered and \$19.1 million to be expended from before fiscal 2022. The program encumbered an average of \$15.1 million per year between fiscal 2022 and 2025. The spending plan reflects an opening balance of \$15.2 million for fiscal 2026, the addition of \$24.5 million in State and local funding, and \$21.5 million in encumbrances, which leaves \$18.2 million available for fiscal 2027.

- **Projects Selected:** Chapters 558 and 559 of 2024 established the Whole Watershed Fund to provide funding to accelerate restoration of the Chesapeake and Atlantic Coastal Bays and their watersheds. The Whole Watershed Fund is authorized to receive funding from a number of State agricultural and environmental special funds. The Governor Wes Moore Administration noted in its CHESBAY – Chesapeake Bay Overview analysis hearing testimony that \$1.25 million of the Waterway Improvement Program fiscal 2027 special fund appropriation is for monitoring the watershed response to Whole Watershed Act project implementation. The funding is budgeted in DNR’s operating budget. The largest project receiving funding in fiscal 2027 is the Somers Cove Marina – Bulkhead Replacement and Facility Improvements project in Somerset County. The estimated project cost is \$32.4 million, of which \$23.7 million has been authorized previously, and the remaining \$8.7 million is provided in fiscal 2027. An Invitation for Bid was issued on February 11, 2026, with a close date of March 4, 2026.

- **Other Comments:** The fiscal 2027 allowance supports 23 projects in 13 jurisdictions and 5 statewide projects. The federal funds are from the U.S. Department of the Interior

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Sportfishing and Boating Safety Act (*i.e.*, Boating Infrastructure Grants) funding. Of note, the capital budget worksheets supporting DNR’s Waterway Improvement Program fiscal 2027 allowance reference a reduction in the fiscal 2026 special fund appropriation from \$24.0 million to \$20.0 million and show a revised project list reflecting this new appropriation level. However, there have been no budget amendments submitted for this appropriation reduction, which appears to be an internal decision about how much of the Waterway Improvement Program special fund appropriation will be spent. Therefore, this analysis does not reflect the reduction in the fiscal 2026 special fund appropriation. **The Department of Legislative Services (DLS) recommends DNR comment on why it plans to reduce its Waterway Improvement Program fiscal 2026 special fund appropriation, when this information will be conveyed as a budget amendment, and what impact this reduction will have on the Waterway Improvement Program’s fiscal 2026 project list.**

Community Parks and Playgrounds

Program Description: The program provides flexible grants to municipalities and Baltimore City (counties are no longer eligible) to (1) rehabilitate, expand, improve, or maintain existing parks; (2) purchase land to create new parks; (3) develop new parks; (4) purchase and install playground equipment in urban neighborhoods and rural areas throughout the State; or (5) be used for environmentally oriented parks and recreation projects. While land acquisition costs are considered, highest priority is given to capital costs that are associated with park and playground development and improvement. The projects should be consistent with the local Land Preservation and Recreation Plan.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
GO Bonds	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000

Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Poolesville – Stevens Park Restroom and Concession Stand Replacement (Montgomery)	\$0.310	\$0.000	\$0.310	\$0.000
Cambridge – Leonards Lane New Pocket Park (Dorchester)	0.305	0.000	0.305	0.000
Delmar – Mason Dixon Sports Complex Lighting Installation (Wicomico)	0.301	0.000	0.301	0.000
Denton – Sharp Road Park Playground Installation Phase II (Caroline)	0.300	0.000	0.300	0.000
Leonardtown – Miedzinski Park New Amenities and Splash Pad (St. Mary’s)	0.300	0.000	0.300	0.000

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Fund Uses (\$ in Millions):				
Project (Jurisdiction)	Est. Cost	Prior Auth.	2027 Request	Future Request
Berlin – Heron Park New Skatepark (Worcester)	0.300	0.000	0.300	0.000
Brookeville – Salem United Methodist Church New Community Center Playground (Montgomery)	0.300	0.000	0.300	0.000
Brentwood – Bartlett Park Improvements (Prince George’s)	0.297	0.000	0.297	0.000
Rock Hall – Rock Hall New Dog Park (Kent)	0.295	0.000	0.295	0.000
St. Michaels – San Domingo Park Development (Talbot)	0.283	0.000	0.283	0.000
Seat Pleasant – Fit and Fun Park Phase III (Prince George’s)	0.270	0.000	0.270	0.000
Remaining Projects	1.739	0.000	1.739	0.000
Total	\$5.000	\$0.000	\$5.000	\$0.000

- **Encumbrances and Expenditures:** There is \$31,084 to be encumbered and \$1,088,450 to be expended from before fiscal 2022. The fiscal 2026 spending plan reflects \$358,478 in available balance from fiscal 2025; \$5,000,000 in new fiscal 2026 authorizations; \$5,339,054 in fiscal 2026 encumbrances; \$280,310 available from projects completed under budget; and the cancellation of the Little Salisbury Basketball Court and Pickleball Court project, leaving \$299,734 for fiscal 2027. The \$299,734 is reflected in the fiscal 2027 project list as an available funds adjustment. The program has encumbered \$4,445,099 on average between fiscal 2022 and 2025.
- **Performance Measures:** The program has funded approximately 37% of the total project funding requested between fiscal 2002 and 2026.
- **Other Comments:** The fiscal 2027 allowance would fund 26 projects in 15 jurisdictions.

Oyster Restoration Program

Program Description: The Oyster Restoration Program provides funding to construct and rehabilitate oyster bar habitats and, through the operating budget, provides for aquaculture infrastructure improvements. Funding is guided by Maryland’s oyster plan, which includes goals to rehabilitate oyster bar habitats that were identified in a best oyster bar survey conducted in fall 2009 and to increase commercial oyster production by aquaculture. The 2014 Chesapeake Bay Watershed Agreement had the goal to restore native oyster habitats and populations in 10 tributaries by calendar 2025 and ensure their protection. The five sanctuaries selected by Maryland to meet the Chesapeake Bay Watershed Agreement goal of restoring 5 tributaries each in the Maryland and Virginia area were Harris Creek, Little Choptank River, Tred Avon River, Upper St. Mary’s River, and Manokin River. Maryland selected three additional sanctuaries – Nanticoke River, Herring Bay, and Hoopers Strait – under its four-point Oyster Sanctuary Plan, adopted in October 2024. A revised Chesapeake Bay Watershed Agreement was signed on December 5, 2025, and includes the goal of restoring or conserving at least 2,000 additional acres

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of oyster reef habitat concentrated primarily in restoration focus areas to provide ecosystem service benefits and to maintain reefs established under the 2014 Chesapeake Bay Watershed Agreement. Maryland is working to restore Nanticoke River, Herring Bay, and Hoopers Strait sanctuaries as part of the revised Chesapeake Bay Watershed Agreement requirements.

Fund Sources:						
(\$ in Millions)	2026 Approp	2027 Request	2028	2029	2030	2031
GO Bonds	\$4.032	\$2.070	\$3.012	\$4.209	\$12.966	\$14.161
Total	\$4.032	\$2.070	\$3.012	\$4.209	\$12.966	\$14.161

Fund Uses (\$ in Millions)					
Project	2027	2028	2029	2030	2031
Manokin River Sanctuary – Second Seeding	\$0.000	\$1.992	\$2.034	\$0.572	\$0.000
Nanticoke Sanctuary	0.000	0.000	0.000	0.000	1.706
Add Large Scale Sanctuary (Hooper Strait)	0.000	0.000	0.000	10.162	10.162
Small Sanctuaries	0.300	0.300	0.300	0.300	0.300
Marylanders Grow Oysters	0.070	0.070	0.070	0.070	0.070
Shell Recycling Program	0.650	0.650	0.650	0.650	0.650
Eastern Bay	1.050	0.000	1.155	1.212	1.273
Total	\$2.070	\$3.012	\$4.209	\$12.966	\$14.161

- Changes:** The fiscal 2027 funding is \$42,000 more than the planned amount for fiscal 2027 in the 2025 CIP. The 2025 CIP programmed the following for fiscal 2027: \$1,688,000 for Hooper Strait and Herring Bay oyster restoration work; \$300,000 for small sanctuaries; and \$40,000 for Marylander’s Grow Oysters. The fiscal 2027 authorization removes the \$1,688,000 for Hooper Strait and Herring Bay and adds \$1,050,000 for Eastern Bay, \$650,000 to clarify the accounting for the Shell Recycling Program, and \$30,000 for Marylanders Grow Oysters. The amount for Small Sanctuaries stays the same at \$300,000. The 2026 CIP reflects \$650,000 annually for the Shell Recycling Program through fiscal 2031, maintains the next Hooper Strait oyster restoration work funding in fiscal 2030, and pushes Herring Bay oyster restoration work beyond the five-year CIP timeframe.
- Encumbrances and Expenditures:** There is \$0 to be encumbered and \$108,363 to be expended from before fiscal 2022. The fiscal 2026 spending plan reflects \$20,000 in beginning balance from fiscal 2025, the fiscal 2026 appropriation of \$4,032,000, and the encumbering of \$4,052,000 in fiscal 2026, leaving a \$0 balance at the end of fiscal 2026. The program has been able to encumber \$13.3 million on average between fiscal 2022 and 2025.
- Projects Selected:** The fiscal 2027 funding supports \$1,050,000 for Eastern Bay restoration activities to plant oyster seed as part of constructing restored oyster reefs in

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sanctuaries; \$650,000 for the Shell Recycling Program; \$300,000 for seeding 15 acres of sanctuaries in the 46 sanctuaries outside of the five large-scale restoration projects; and \$70,000 for the Marylanders Grow Oysters Program. The Shell Recycling Program is being budgeted separately for fiscal 2027 through 2031 to reflect the mandated funding for annual grants to encourage the recycling of oysters shells per Chapters 30 and 574 of 2022 (Natural Resources – Oysters – Spat, Shells, and Substrate).

- ***Performance Measures:*** The NOAA National Marine Fisheries Service’s 2021 Maryland Oyster Monitoring report notes that four out of the six oyster metrics success criteria were monitored in fall 2021; reef height and reef footprint were not measured due to COVID-19-related restrictions. The vast majority of reefs monitored met the four criteria measured: oyster density; oyster biomass; multiple-year classes; and shell budget. This follows most reefs monitored meeting the criteria from fall 2015 through calendar 2021. Overall, 99% of six-year-old restored reefs met at least the minimum threshold oyster density and biomass, and 83% met the higher target density and biomass. NOAA noted on its website, which was last updated February 20 2026, that the goal to restore reefs in 10 tributaries by the end of calendar 2025 has been met.
- ***Concerns:*** Funding for Eastern Bay beyond fiscal 2026 was intended to be contingent on the outcome of an evaluation of oyster outcomes. However, DBM’s fiscal capital budget worksheets reflect that the five-year evaluation will be conducted after fiscal 2028. **DLS recommends that DNR comment on the timing of the completion of the five-year evaluation of the oyster replenishment, restoration, and aquaculture activities in Eastern Bay, given that funding commitments beyond fiscal 2026 are meant to be contingent on the evaluation.**

Issues

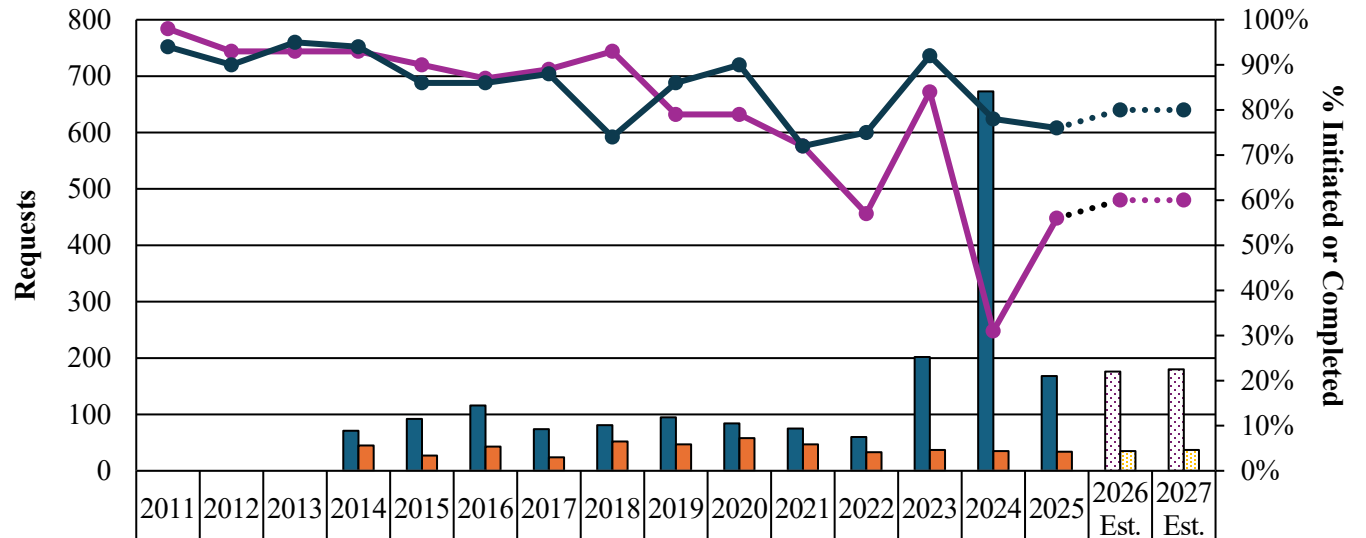
1. Engineering and Construction Project Completion Trends Lower Due to Project Influx; GMOA Spending Increasing but Meeting Park System Critical Maintenance Fund Spending Goal Unclear

DNR’s Engineering and Construction is responsible for critical maintenance and new development projects on 509,345 acres of State land. The *Maryland State Park System: Study and Recommendations*, published in revised form on January 12, 2024, notes the following infrastructure statistics for MPS:

- ***State Park Visitor Facilities:*** 599 units (729,564 square feet), which include bath houses, shower buildings, cabins, comfort stations, and other park amenities;
- ***Special Use Facilities:*** 68 units (223,712 square feet), which include amphitheaters, grandstands, lodges, and other special use facilities;
- ***Supporting Facilities:*** 826 units (1,754,675 square feet), including barns, garages, hazardous material-related buildings, offices, and other supporting facilities;
- ***Housing:*** 210 units (291,692 square feet), including houses used by staff and resident curatorships; and
- ***Roadways:*** 204 miles, including MPS-owned roads, bridges, and other infrastructure.

Exhibit 8 shows the number of requests for new critical maintenance and major capital development capital projects on DNR lands. While major capital development project requests have been fairly steady, with a high of 58 in fiscal 2020, critical maintenance capital project requests have increased substantially in recent years. Fiscal 2022 saw 60 requests, which increased to 202 requests in fiscal 2023 and then to an all-time high of 673 requests in fiscal 2024. DNR notes that the underlying demand for critical maintenance projects was released in fiscal 2024, most likely due to the focus on MPS’s infrastructure in Chapter 39 (the GMOA). As a result of the substantial increase in requests, the measure for the percentage of critical maintenance projects on DNR lands initiated or completed dropped from 84% in fiscal 2023 to 31% in fiscal 2024.

Exhibit 8
Critical Maintenance and Major Capital Development Projects Comparison
Fiscal 2011-2027 Est.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 Est.	2027 Est.
Requests for New Critical Maintenance Capital Projects on DNR Lands	-	-	-	71	92	116	74	81	95	84	75	60	202	673	168	176	180
Requests for New Major Capital Development Projects on DNR Land (Not Including Critical Maintenance Projects)	-	-	-	45	27	43	24	52	47	58	47	33	37	35	34	35	37
% Critical Maintenance Projects on DNR Lands Initiated or Completed	98%	93%	93%	93%	90%	87%	89%	93%	79%	79%	72%	57%	84%	31%	56%	60%	60%
% Major Capital Development Projects on DNR Lands Initiated or Completed	94%	90%	95%	94%	86%	86%	88%	74%	86%	90%	72%	75%	92%	78%	76%	80%	80%

DNR: Department of Natural Resources

Source: Department of Budget and Management

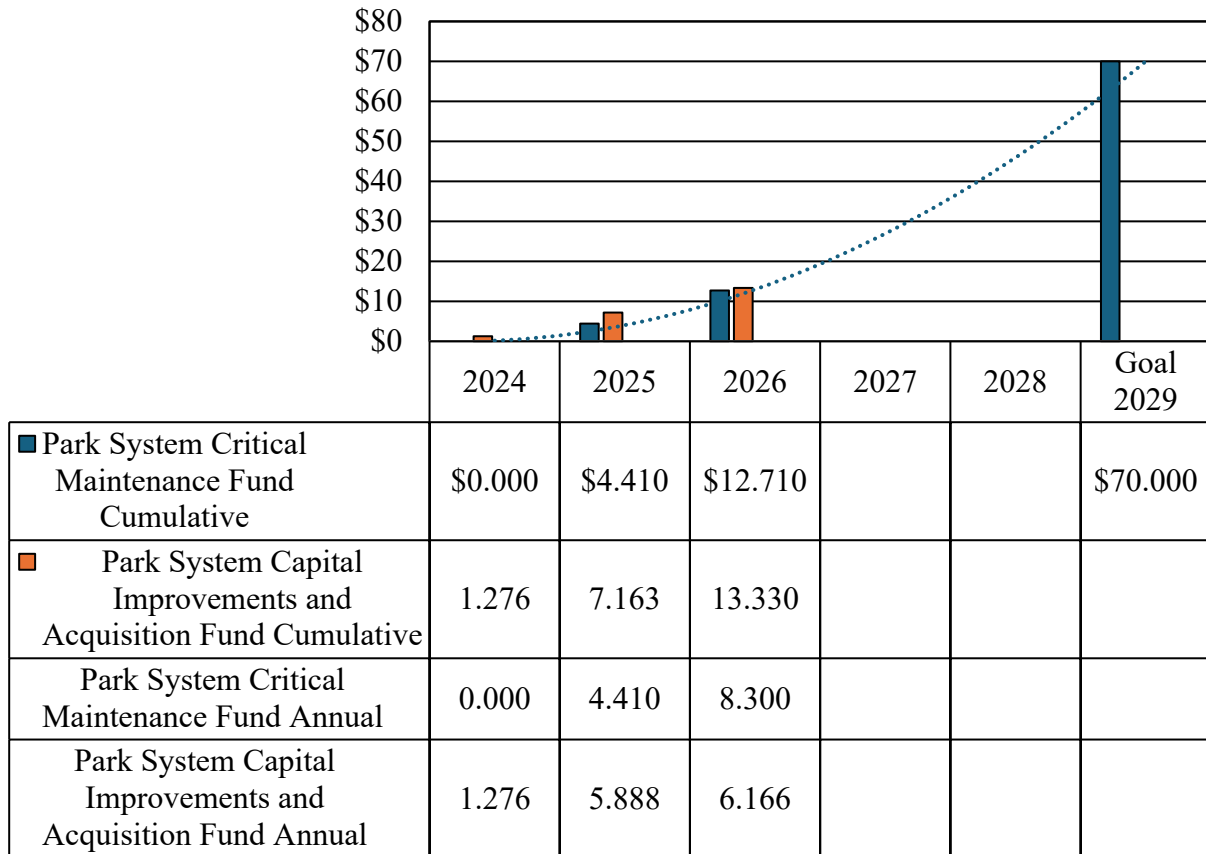
KA00 – Department of Natural Resources – Capital

The GMOA made numerous changes to State law relating to (1) funding for parks, land conservation, State lakes protection and restoration, and forest-related purposes; (2) park staff and volunteers; (3) management of parks and park infrastructure; and (4) new parks/amenities and other considerations. In terms of funding, the GMOA established the following capital funds:

- ***Park System Critical Maintenance Fund:*** \$70.0 million in general funds appropriated in fiscal 2024 to address critical maintenance concerns on DNR-managed park lands originally required to be spent by July 1, 2026, and subsequently extended by Chapter 402 of 2024 to July 1, 2029.
- ***Park System Capital Improvements and Acquisition Fund:*** \$80 million for the Park System Capital Improvement and Acquisition Fund in fiscal 2024 (\$36.9 million in general funds and \$43.1 million in POS – State land acquisition balance) for capital improvements on DNR-managed State park lands and land acquisition for State parks.

The large influx of funding from the GMOA represents a substantial challenge to DNR’s Engineering and Construction unit. As shown in **Exhibit 9**, through February 18, 2026, DNR has increased its spending for both funds, but there still remains a substantial gap between current spending and the full \$70.0 million required to be spent from the Park System Critical Maintenance Fund by fiscal 2029. DNR notes that the spending rate has increased from the Park System Critical Maintenance Fund due to the reorganization of the Engineering and Construction project management team, procurement team changes, and the increased delegated procurement authority for critical maintenance projects.

Exhibit 9
GMOA Capital Fund Expenditures Through
February 18, 2026, and Goal
Fiscal 2024-2029
(\$ in Millions)



GMOA: Great Maryland Outdoors Act

Source: Department of Natural Resources

Additional components of the GMOA include:

- **Asset Management and Facility Condition Assessment:** asset management software that would enable queries of the antiquated asset management database, which was intended to be updated in coordination with the Department of General Services;
- **Inventory Assessment and Maintenance Prioritization:** required the inventory of all State land managed by the department and the development of a maintenance project prioritization process, modeled after the U.S. National Park Service’s (NPS) asset priority

index, and required DNR to published on its website a list of maintenance projects in the State park system that are expected to cost more than \$25,000;

- ***Systemwide Survey of Historical and Cultural Resources:*** work with Preservation Maryland on a statewide survey, which is intended to include an estimation of restoration, preservation, and maintenance costs;
- ***Five-year CIP:*** publish a MPS CIP, including information on critical maintenance projects and their prioritization, to be submitted to the General Assembly by December 1, 2023; and
- ***Comprehensive Long-range Strategic Plan:*** publish and submit a Comprehensive Long-range Strategic Plan to the General Assembly by December 1, 2023, which is being completed in coordination with the Land Preservation and Recreation Plan that was to be submitted to NPS under a revised timeline of March 31, 2025.

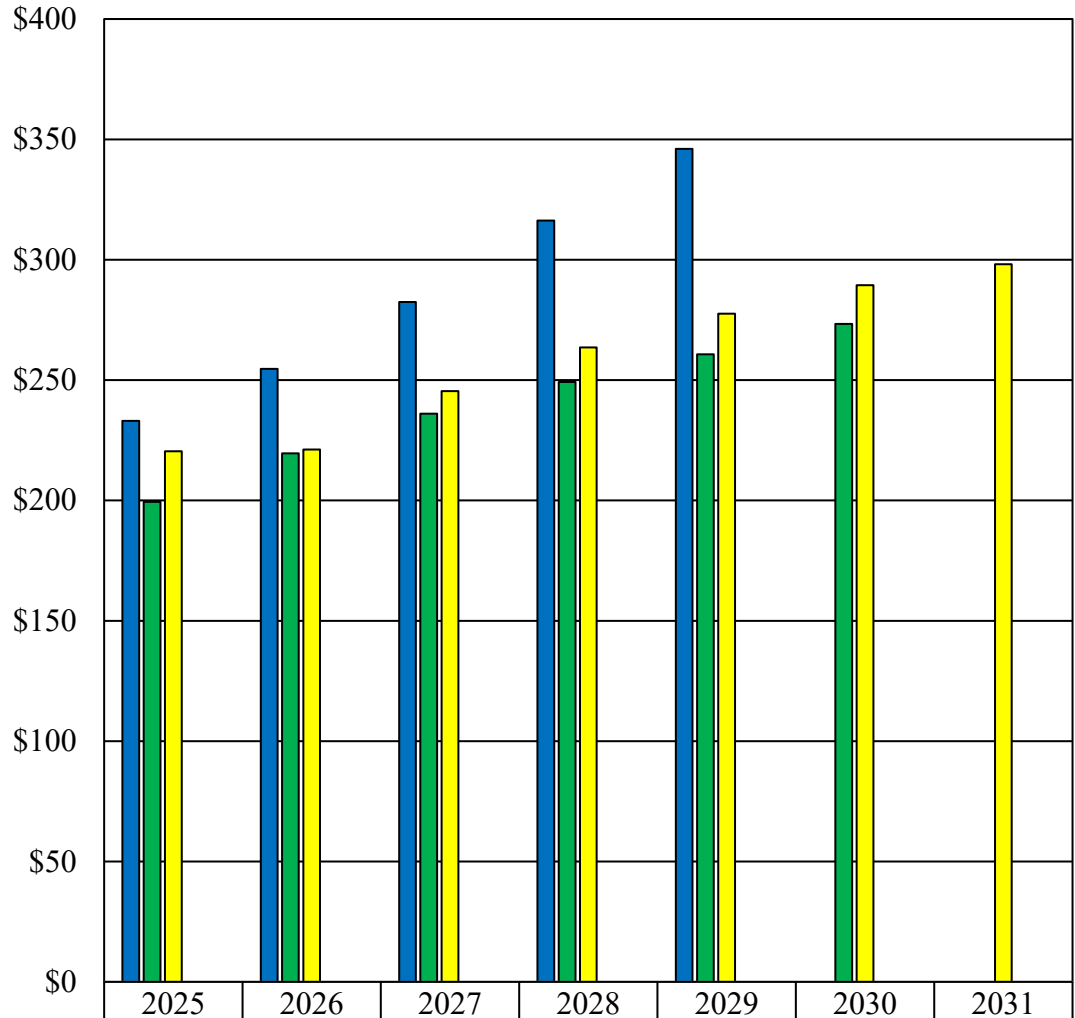
DNR should comment on the likelihood of reaching the \$70.0 million spending goal for the Park System Critical Maintenance Fund by July 1, 2029. DNR should also comment on the status of and next steps for completing the capital components of the GMOA and on what deadlines the General Assembly may hold DNR to account.

2. Baltimore City Direct Grant Spreadsheet

The budget committees requested that DNR provide an editable electronic spreadsheet showing each year of Baltimore City Direct Grant funding, the projects funded by each year of funding broken down by projects specified by the legislature and specified by Baltimore City, and the status of each project in terms of reimbursement sought and project stage. The reports were requested to be submitted by October 1, 2025, and December 31, 2025.

The submitted reports reflect project funding as far back as the \$0.6 million remaining of the \$1.0 million budgeted for the fiscal 2015 Gwynns Falls/Leakin Park – Winans Nature Center that is still being used for auxiliary purposes related to the original project, such as renovating an existing bathroom facility at the Winans Center. In a number of cases, funding for older projects has been reprogrammed if the projects are not moving forward or are reverted if the projects came in under budget. While most of the projects from before fiscal 2021 have closed in one way or another, the majority of projects funded in fiscal 2021 to the present are still open. From fiscal 2021 to 2026, \$48.6 million is reflected as being appropriated for Baltimore City Direct Grant projects and the \$1.6 million appropriation for projects specified in legislation for a total of \$50.2 million. Of this \$50.2 million, \$22.4 million has been reimbursed for projects or the projects have otherwise been closed, leaving a project balance of \$27.8 million. **DLS recommends committee narrative requesting that DNR submit an updated Baltimore City Direct Grant spending spreadsheet by October 1, 2026, and December 31, 2026.**

**Appendix 1
Transfer Tax Revenue Estimates
Fiscal 2025-2031
(\$ in Millions)**



■ Dec-23	\$233.072	\$254.646	\$282.440	\$316.277	\$346.032		
■ Dec-24	199.404	219.597	236.027	249.207	260.699	\$273.335	
■ Dec-25	220.443	221.172	245.405	263.575	277.590	289.435	\$298.126
Difference Dec-23	-12.629	-33.474	-37.035	-52.701	-68.442		
Difference Dec-24	21.038	1.575	9.378	14.368	16.891	16.099	

Note: The fiscal 2025 amount for the December 2025 estimate – \$220,442,670 – reflects the actual revenues.

Source: Department of Budget and Management

Appendix 2
Program Open Space – Local Distribution
Fiscal 2021-2027

<u>Jurisdiction</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Allegany	\$491,310	\$594,119	\$912,017	\$993,046	\$360,423	\$289,184	\$557,778
Anne Arundel	5,343,504	6,447,255	9,918,697	10,871,713	3,896,115	3,091,794	6,050,313
Baltimore City	9,528,863	10,250,341	12,525,976	17,223,945	12,611,840	12,057,189	14,009,911
Baltimore County	6,010,738	7,255,442	11,145,428	12,164,833	4,396,664	3,479,391	6,799,350
Calvert	531,948	641,688	990,473	1,076,333	387,608	307,846	602,255
Caroline	231,890	280,212	431,843	469,768	169,945	135,211	265,223
Carroll	1,193,649	1,441,991	2,218,579	2,414,703	872,595	691,395	1,354,224
Cecil	613,398	748,578	1,144,830	1,254,188	450,623	358,223	700,099
Charles	1,091,405	1,317,707	2,022,402	2,240,661	799,456	636,800	1,241,388
Dorchester	199,262	240,549	370,586	406,596	148,465	117,447	228,928
Frederick	1,275,610	1,543,720	2,386,078	2,592,988	938,484	745,503	1,460,238
Garrett	246,558	298,124	466,599	507,148	184,115	146,379	283,701
Harford	1,770,052	2,150,827	3,306,314	3,583,155	1,296,787	1,029,868	2,014,885
Howard	3,143,401	3,816,242	5,838,350	6,366,459	2,295,228	1,819,543	3,544,959

<u>Jurisdiction</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Kent	149,097	179,722	279,932	304,409	109,640	87,920	170,481
Montgomery	7,978,748	9,645,073	14,758,551	16,211,671	5,821,255	4,610,730	9,024,746
Prince George's	6,811,645	8,209,539	12,606,444	13,218,796	4,772,889	3,775,630	7,373,804
Queen Anne's	323,265	391,368	611,281	660,534	240,889	191,940	376,737
St. Mary's	603,751	726,497	1,121,990	1,220,906	442,550	350,184	685,367
Somerset	142,071	172,282	265,260	288,984	104,921	82,900	161,440
Talbot	337,744	407,879	639,375	691,824	249,650	200,079	389,640
Washington	937,071	1,131,771	1,746,741	1,915,701	686,847	544,413	1,070,223
Wicomico	624,824	753,278	1,158,851	1,264,251	459,391	363,080	710,794
Worcester	606,101	730,905	1,142,829	1,247,376	450,209	359,744	699,080
Total	\$50,185,905	\$59,375,109	\$88,009,426	\$99,189,988	\$42,146,589	\$35,472,393	\$59,775,564

Note: The Baltimore City funding reflects the Baltimore City Direct Grant funding in the Program Open Space – State share allocation as follows: \$6.0 million for fiscal 2021 through 2023 and \$10.0 million for fiscal 2024 through 2027.

Appendix 3
County Land Acquisition Goal Attainment Status under
Land Preservation, Parks, and Recreation Plans
Calendar 2012, 2017, and 2022

<u>Jurisdiction</u>	<u>2012</u>	<u>2017</u>	<u>2022</u>
Allegany	Met	Met	Met
Anne Arundel	Not Met	Not Met	Not Met
Baltimore City	N/A	N/A	Met
Baltimore County	Not Met	Not Met	Not Met
Calvert	Not Met	Not Met	Met
Caroline	Met	Met	Met
Carroll	Met	Met	Met
Cecil	Not Met	Met	Met
Charles	Not Met	Not Met	Not Met
Dorchester	Met	Met	Met
Frederick	Met	Not Met	Met
Garrett	Met	Met	Met
Harford	Not Met	Not Met	Not Met
Howard	Not Met	Not Met	Met
Kent	Met	Met	Met
Montgomery	Not Met	Not Met	Not Met
Prince George's	Not Met	Not Met	Met
Queen Anne's	Met	Met	Met
Somerset	Met	Met	Met
St. Mary's	Not Met	Met	Met
Talbot	Met	Met	Met
Washington	Met	Met	Met
Wicomico	Met	Met	Met
Worcester	Met	Met	Met

Note: While the attainment status does not apply to Baltimore City, the Department of Natural Resources notes that Baltimore City met its land acquisition goals in the calendar 2022 Land Preservation, Parks, and Recreation Plan, based on user demand, population density, and land and facility distribution.

Source: Department of Natural Resources