

**Department of Legislative Services**  
 Maryland General Assembly  
 2015 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 600 (Senator Astle, *et al.*)

Education, Health, and Environmental Affairs

Environment and Transportation

**Chesapeake Bay Trust and Chesapeake Conservation Corps - Funding**

This bill increases the funding from the Environmental Trust Fund (ETF) that is directed to the Chesapeake Conservation Corps Program each fiscal year for energy conservation projects, from \$250,000 to \$375,000. The bill also requires the Maryland Transportation Authority (MDTA), in consultation with the Chesapeake Bay Trust, to report to the General Assembly by October 1, 2015 on the feasibility of establishing a donation program for the benefit of the Chesapeake Bay Trust to which E-Zpass account holders may donate, including a plan for administering the donations collected by MDTA.

The bill takes effect June 1, 2015.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$125,000 annually, beginning in FY 2016, for the Department of Natural Resources (DNR) to offset the allocation of an additional \$125,000 in ETF funds to the Corps Program each fiscal year.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	125,000	125,000	125,000	125,000	125,000
Net Effect	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

### **Current Law/Background:**

#### *Chesapeake Bay Trust*

The Chesapeake Bay Trust is a private, nonprofit grant-making organization established by the General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the water quality and aquatic and land resources of the Chesapeake Bay and other aquatic and land resources of the State. The trust awards grants to community-led environmental education and habitat restoration projects through a portfolio of programs and manages the Chesapeake Conservation Corps Program as a special initiative. The trust is governed by a board of 19 trustees.

The trust's programs and activities are funded by (1) sales of *Treasure the Chesapeake* commemorative license plates; (2) donations from Maryland's Chesapeake Bay and Endangered Species Fund income tax check-off program; (3) federal and State grants, contracts, and agreements; and (4) private and corporate contributions. In fiscal 2013 and 2014, the trust averaged \$7.4 million in overall revenue per year and spent an average of \$7.4 million per year.

#### *Chesapeake Conservation Corps Program*

The Corps Program facilitates youth involvement in energy conservation and environmental efforts, and associated career opportunities for the participants, by pairing young individuals ages 18 to 25 with qualifying host organizations to undertake energy conservation and environmental projects. The program provides stipends to participating young adults and optional grants to host organizations for costs associated with projects undertaken as part of the one-year term of service. A host organization can be a nonprofit organization; a school; a community association; a service, youth, or civic group; an institution of higher education; a county or municipality; or a unit of State government. The program is administered by the Chesapeake Bay Trust in consultation with the Corps Board, which is established to advise the trust in the development and implementation of the program.

Pursuant to statute, the Corps Program is funded with \$250,000 from ETF each fiscal year for energy conservation projects and up to \$250,000 in additional funds that may be allocated by the Chesapeake Bay Trust through its annual budget process. The trust and the Corps Board are also required to seek federal funds and grants and donations from private sources to be made to the trust for the purpose of long-term funding of the program.

The Corps Program has an annual budget of approximately \$600,000, including the existing \$250,000 annual allocation of ETF funding and \$250,000 allocated by the Chesapeake Bay Trust.

### *Environmental Trust Fund*

ETF was established by Chapter 31 of 1971 to fund electric power plant site evaluation and acquisition and research on environmental and land use considerations associated with power plants. ETF's revenue is from an environmental surcharge per kilowatt-hour (kWh) of electric energy distributed in the State, which is paid by electric companies. The amount of the surcharge for each account for each retail electric customer may not exceed the lesser of 0.15 mill per kWh or \$1,000 per month, and the surcharge may not continue beyond fiscal 2020, unless legislation is enacted to reauthorize it. The customer surcharge rate is currently at the statutorily capped level.

Revenue generated from the environmental surcharge is deposited in ETF within DNR and used primarily to support the Power Plant Research Program (PPRP). PPRP, in cooperation with several specified State agencies, evaluates sites for their suitability for use as electric power plants, including related environmental and land use considerations; this information is then used by the Public Service Commission (PSC) in considering requests for new power plants and associated transmission lines. Each year, PSC sets the amount of the surcharge based on the legislative appropriation for DNR. In addition to funding DNR and the Corps Program, the Maryland Energy Administration (MEA) may receive administrative and fiscal support from ETF for studies relating to the conservation or production of electric energy, up to \$250,000 in any fiscal year.

### *E-ZPass*

E-ZPass is an electronic toll collection system, administered in Maryland by MDTA, which allows drivers to prepay their tolls, eliminating the need to stop at toll plazas. It consists of three components: (1) a transponder placed in participating vehicles that emits an electronic signal; (2) an antenna at the toll plaza to read the signal as vehicles pass through; and (3) video cameras to identify toll evaders. Transponders cost \$34 each (which includes a \$9 nonrefundable transponder fee and a pre-paid toll balance of \$25). In addition, MDTA charges a monthly maintenance fee of \$1.50 to E-ZPass users who do not make at least three E-ZPass toll facility transactions per month. E-ZPass is used in 17 states, primarily in the Northeast and Mid-Atlantic regions.

**State Fiscal Effect:** DNR general fund expenditures increase by \$125,000 annually beginning in fiscal 2016. The additional \$125,000 of ETF funding allocated to the Corps Program each fiscal year is money that otherwise would fund PPRP or other programs as

directed by DNR. Therefore, it is assumed that DNR general fund expenditures increase to offset this loss of funds.

Since MEA is also authorized to receive funds from ETF, the allocation of an additional \$125,000 to the Corps Program could limit the amount of funding available for MEA to the extent that DNR does not receive general funds to offset the loss of funds. The Maryland Department of the Environment and University of Maryland also receive ETF funding through DNR and could be similarly affected.

MDTA advises that it can handle the bill's reporting requirement with existing resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Maryland Department of Transportation, Chesapeake Bay Trust, Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2015  
mar/lgc Revised - Updated Information - March 12, 2015  
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Analysis by: Scott D. Kennedy

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