

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 631 (Delegate Beitzel)
 Environment and Transportation

State Lakes Protection and Restoration Fund - Purpose, Use, and Funding -
 Sunset Extension

This bill extends the termination date of Chapter 698 of 2018 from June 30, 2022, to June 30, 2027, which makes the changes made under Chapter 698 to provisions governing the State Lakes Protection and Restoration Fund, including the establishment of a mandated annual appropriation to the fund of \$1.0 million, applicable for an additional five years.

Fiscal Summary

State Effect: General fund expenditures increase by \$1.2 million in FY 2024 and by similar amounts through FY 2028 (reflecting mandated funding and personnel costs). Special fund revenues and expenditures increase by \$1.0 million from FY 2024 through 2028 (reflecting receipt of the mandated funding and corresponding spending). **This bill extends an existing mandated appropriation through FY 2028.**

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
GF Expenditure	\$0	\$0	\$1,196,500	\$1,203,100	\$1,209,900
SF Expenditure	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
Net Effect	\$0	\$0	(\$1,196,500)	(\$1,203,100)	(\$1,209,900)

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

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

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapters 404 and 405 of 2017 first established the State Lakes Protection and Restoration Fund, administered by the Secretary of Natural Resources, to protect and restore State-owned lakes. Under Chapters 404 and 405, the fund consisted of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Chapter 698 of 2018, however, requires the Governor to include in the annual budget bill an appropriation of \$1 million to the fund for fiscal 2020 and each fiscal year thereafter.

Chapter 698 also allows for the fund to be used to protect and restore State-managed lakes as well as State-owned lakes and specifies the following activities the fund may be used for in order to protect and restore State-owned or State-managed lakes: (1) removing sediment; (2) treating contaminated sediment; (3) preventing the spread of invasive species; (4) improving ecological and recreational value; and (5) taking any other action the Department of Natural Resources (DNR) determines necessary. Chapter 698 terminates June 30, 2022. (However, pursuant to Chapters 404 and 405, the fund continues.)

Pursuant to provisions established under Chapters 404 and 405, any interest earnings of the fund are credited to the fund. Money expended from the fund is supplemental to, and not intended to take the place of, funding that would otherwise be appropriated for the protection or restoration of State-owned (or State-managed) lakes. DNR must develop (1) a working budget for the funding and (2) in coordination with local governments, organizations, and citizens, an annual work plan that prioritizes and details projects that will receive funding.

State Fiscal Effect: General fund expenditures increase by \$1.2 million in fiscal 2024, which reflects continuation of the annual \$1.0 million mandated appropriation for the fund plus costs of personnel needed to administer a protection and restoration program at that level of funding. General fund costs for personnel were also included in the fiscal and policy note for Senate Bill 501 of 2018 (Chapter 698) as an impact of that bill beginning in fiscal 2020, independent of the \$1.0 million mandated appropriation. Personnel costs are reflected again in this fiscal and policy note as a general fund impact (independent of the \$1.0 million annual mandated appropriation) because (1) the need for personnel continues with the continued mandated appropriation and (2) the bill does not explicitly allow for the mandated funding to be used for costs of personnel needed to administer the fund.

The necessary personnel include a project manager (to, among other things, coordinate development of the budget and work plan for the fund, oversee projects, and manage contracts) and a long-term contractual environmental project reviewer (to complete necessary environmental impact review, assessment, tracking, and documentation work for

proposed projects). These responsibilities cannot be adequately managed by existing staff. The estimate includes salaries, fringe benefits, and ongoing operating expenses.

Regular Positions	1.0
Contractual Positions	1.0
Salaries and Fringe Benefits	\$188,223
Continued Mandated Appropriation	1,000,000
Operating Expenses	<u>8,310</u>
Total FY 2024 General Fund Expenditures	\$1,196,533

Future year expenditures reflect the continued mandated appropriation, full salaries with annual increases and employee turnover, and ongoing operating expenses. This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

While Chapter 698 is set to terminate June 30, 2022, it is assumed that, in the absence of this bill, the mandated appropriation continues through fiscal 2023, since Chapter 698 would still be in effect when the Governor introduces the annual budget bill for fiscal 2023 during the 2022 legislative session. Similarly, it is assumed that, under the bill, the mandated appropriation continues through fiscal 2028, despite Chapter 698 terminating (under the bill) June 30, 2027.

Special fund revenues to the fund and expenditures from the fund increase by \$1.0 million in fiscal 2024 through 2028 that reflects the receipt of the continued mandated appropriation and corresponding spending. It is assumed that the entire mandated appropriation is spent in each year.

Small Business Effect: Small businesses may meaningfully benefit from the opportunity to bid on protection and restoration projects funded by the continued mandated funding under the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 450 (Senator Edwards) - Education, Health, and Environmental Affairs.

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

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