

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 378

(Delegate Love, *et al.*)

Environment and Transportation

Budget and Taxation and Education, Energy,
 and the Environment

Natural Resources - Black Bear Conflict Reduction and Damage Reimbursement
 Fund - Uses

This bill renames the Department of Natural Resources’ (DNR) existing Black Bear Damage Reimbursement Fund as the Black Bear Conflict Reduction and Damage Reimbursement Fund and requires DNR to accept requests for grants from the fund for projects that reduce conflicts between humans and black bears through nonlethal methods. The bill establishes provisions governing grant eligibility for such projects and caps total grant funding for such projects. The bill also modifies existing provisions governing reimbursements from the fund for damage caused by black bears. Finally, the Governor must include in the annual budget bill an appropriation of at least \$50,000 to the fund.

Fiscal Summary

State Effect: General fund expenditures increase by \$145,600 in FY 2024, including discretionary funding of \$50,000 to the fund; out-years reflect annualization, ongoing costs, and mandated funding. Special fund revenues and expenditures increase correspondingly by \$50,000 annually beginning in FY 2024. **This bill establishes a mandated appropriation beginning in FY 2025.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
GF Expenditure	\$145,600	\$115,700	\$118,500	\$121,500	\$125,100
SF Expenditure	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Net Effect	(\$145,600)	(\$115,700)	(\$118,500)	(\$121,500)	(\$125,100)

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

Local Effect: Potential increase in local government grant revenues and expenditures beginning as early as FY 2024.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill expands an existing finding of the General Assembly to provide that it is in the public interest to provide funding to prevent conflicts with black bears before they occur.

In determining eligibility for grant funding, DNR must consider projects that (1) reduce the availability of black bear attractants in communities, including agricultural communities; (2) discourage black bears from entering areas with high amounts of conflict between humans and black bears; (3) have local community support or a detailed plan to build such support; (4) use proven nonlethal methods or innovative solutions, as specified; (5) are cost-effective investments that have the potential to continue to be effective beyond the timeframe for the grant funding; or (6) include matching funds or an in-kind match. Entities eligible for grant funding include local governments, parks and recreation departments, landowners, farmers, businesses, tribes, institutions of higher education, and nonprofit organizations.

DNR may not award grant funding for (1) the lethal removal of black bears; (2) stand-alone research, data collection, and analysis; or (3) the direct generation of revenue or profit.

Grant funding for conflict reduction projects must be capped at an amount that leaves at least 10% of the total annual appropriation provided in accordance with the bill's mandated funding provision available for black bear damage reimbursement (the current use of the fund). With respect to existing provisions regarding such reimbursements, the bill increases the maximum amount a person may be reimbursed from the fund per year (from no more than \$3,000 to no more than \$5,000), subject to available funding. The bill repeals a provision relating to such reimbursements that requires DNR to pay an equal percent of each claim if money in the fund is insufficient to satisfy all claims.

Finally, the bill expands the authorized funding sources for the fund by specifying that the fund also consists of money appropriated in the State budget to the fund.

Current Law: The General Assembly finds that it is in the public interest to provide funding to reimburse a person who has sustained damage to agricultural products or pets as a result of a black bear.

The Black Bear Damage Reimbursement Fund within DNR is used to reimburse farmers for bear damage to agricultural products and livestock. Reimbursable damages include damage to a person's beehives, fruit, or other crops, as well as damage to livestock, poultry, and pets. A person is eligible for reimbursement if (1) he/she has followed all black bear damage preventative measures recommended by DNR; (2) the damage amount is determined by a specified agent; and (3) DNR has verified that the damage was caused by

a black bear. Subject to available funding, a person may be reimbursed in an amount not less than \$200 or more than \$3,000 per year. If there are insufficient funds to satisfy all claims, DNR must pay an equal percent of each claim.

The fund consists of (1) proceeds from the sale of conservation bear stamps or decals, which are \$5 each and (2) gifts, grants, and contributions to the State that are designated for the fund.

State Fiscal Effect:

Department of Natural Resources – Mandated Appropriation

General fund expenditures increase by \$50,000 annually beginning in fiscal 2024 to capitalize the fund consistent with the bill's mandated appropriation. Even though providing State funding in the budget for the fund is discretionary prior to fiscal 2025, this analysis assumes that funding is provided in fiscal 2024. It also assumes that general funds are provided.

Special fund revenues to and expenditures from the fund increase correspondingly each year. This analysis assumes that DNR distributes the full amount of available funding for grants and reimbursements each year.

Because statute does not explicitly state that the fund may be used for DNR's administrative costs, it is assumed that general fund expenditures increase further to cover such costs, which are discussed below.

Department of Natural Resources – Administrative Costs

General fund administrative expenditures increase by \$95,637 in fiscal 2024, which accounts for the bill's October 1, 2023 effective date. This estimate reflects the cost of hiring one natural resources technician to (1) establish and administer the new grant program for projects to reduce conflicts between humans and black bears and (2) administer a more robust black bear damage reimbursement program with the additional funding provided under the bill. It includes a salary, fringe benefits, one-time start-up costs (including the purchase of a vehicle), and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- the existing black bear damage reimbursement program averages \$2,000 annually in total available funding, and in 2022, DNR investigated 80 incidents of agricultural damage from black bears;
- DNR personnel respond to more than 300 bear complaints annually; and

- the increase in available funding for reimbursements under the bill results in an increase in the number of annual reimbursement requests, which are for damages caused over a large geographic area that must each be evaluated during a field visit before any damage compensation funds can be disbursed.

Position	1.0
Salary and Fringe Benefits	\$46,249
Purchase of Truck	39,036
Other Operating Expenses	<u>10,352</u>
FY 2024 DNR Admin. Expenditures	\$95,637

Future year administrative expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Institutions of Higher Education as Potential Grant Recipients

To the extent that institutions of higher education are grant recipients, higher education revenues and expenditures increase correspondingly beginning as early as fiscal 2024. The Department of Legislative Services anticipates that any impact on institutions of higher education is most likely concentrated on those institutions located in the four westernmost counties in the State (Alleghany, Frederick, Garrett, and Washington counties), where the State’s bear population primarily resides.

Local Fiscal Effect: Similar to the impact described above for institutions of higher education, for any local governments (including local governments as landowners), local parks and recreation departments, and local institutions of higher education that receive grant funding, local grant revenues and expenditures increase, beginning as early as fiscal 2024.

Small Business Effect: There is a potentially meaningful benefit for small businesses – particularly famers – under the bill. There is the potential for both a meaningful increase in the amount of reimbursements that are provided for compensation for black bear damage as well as the potential to receive a grant from the fund to implement a project to reduce conflicts between humans and black bears. Most of the reimbursements that are currently distributed from the fund are for agricultural damage from black bears, and most farms in the State are small businesses.

Additional Information

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

Designated Cross File: SB 310 (Senators West and McKay) - Budget and Taxation and Education, Energy, and the Environment.

Information Source(s): Harford and Wicomico counties; Maryland Association of Counties; Maryland Municipal League; Baltimore City; Baltimore City Community College; Morgan State University; University System of Maryland; Maryland Independent College and University Association; Department of Natural Resources; Department of Budget and Management; Maryland-National Capital Park and Planning Commission; Department of Legislative Services

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