

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 1094

(Senator McKay, *et al.*)

Budget and Taxation

Appropriations

State Lakes Protection and Restoration Fund - Alteration and Extension

This bill extends the termination date – from June 30, 2025, to June 30, 2027 – of Chapter 698 of 2018, as amended by Chapter 39 of 2022. As a result, the bill makes the changes made under those Acts to provisions governing the State Lakes Protection and Restoration Fund – including a mandated appropriation of \$1.0 million annually to the fund – applicable for an additional two years.

Fiscal Summary

State Effect: General fund expenditures increase by \$1.0 million annually in FY 2027 and 2028 (reflecting the extension of the mandated appropriation for an additional two years). Special fund revenues and expenditures increase correspondingly in those years (reflecting receipt of the mandated funding and corresponding spending). **This bill extends an existing mandated appropriation for FY 2027 and 2028.**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$0	\$0	\$1.0	\$1.0	\$0
GF Expenditure	\$0	\$0	\$1.0	\$1.0	\$0
SF Expenditure	\$0	\$0	\$1.0	\$1.0	\$0
Net Effect	\$0.0	\$0.0	(\$1.0)	(\$1.0)	\$0.0

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 operations or 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, however, required the Governor to include in the annual budget bill an appropriation of \$1.0 million to the fund for fiscal 2020 and each fiscal year thereafter and expanded the authorized uses of the fund in the manner discussed in the following paragraph. Originally, Chapter 698 was subject to a June 30, 2022 termination date; however, Chapter 39 extended the termination date of Chapter 698 to June 30, 2025.

Chapters 698 and 39 explicitly authorize the fund to be used to protect or restore State-owned and State-managed lakes by (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.

Effective July 1, 2025, the mandated appropriation required by Chapters 698 and 39 terminates and the fund may only be used for the protection or restoration of State-owned lakes.

State Fiscal Effect: While Chapter 698 is set to terminate June 30, 2025, it is assumed that, in the absence of this bill, the \$1.0 million mandated appropriation continues through fiscal 2026, since Chapter 698 would still be in effect when the Governor introduces the annual budget bill for fiscal 2026 during the 2025 legislative session. Similarly, it is assumed that since the bill requires Chapter 698 to be in effect when the Governor introduces the annual budget bill for fiscal 2028 during the 2027 legislative session, the bill's mandated appropriation applies for fiscal 2028.

Therefore, general fund expenditures increase by \$1.0 million annually in fiscal 2027 and 2028, which reflects the extension of the existing mandated appropriation to the fund for an additional two years. Special fund revenues to the fund and expenditures from the fund increase correspondingly in those years, reflecting the receipt of the mandated funding and corresponding spending. It is assumed that the entire mandated appropriation is spent in each year.

DNR can continue to implement Chapter 698, as amended by Chapter 39, with existing staff.

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

Additional Information

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

Designated Cross File: HB 1347 (Delegate Hinebaugh, *et al.*) - Appropriations.

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

Fiscal Note History: First Reader - February 23, 2024
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