



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary

**Maryland Department of Natural Resources
Fiscal Year 2022 Capital Budget
Response to Department of Legislative Services Analysis**

House Appropriations Committee
House Capital Budget Subcommittee
Delegate Ben Barnes
February 16, 2021

Senate Budget and Taxation Committee
Senate Capital Budget Subcommittee
Senator Douglas J.J. Peters
February 16, 2021

PAYGO Recommended Actions (p. 21)

1. Concur with Governor's allowance.

Agency Response: DNR concurs with this recommendation.

GO Bond Recommended Actions (p. 22)

1. Approve the \$2.5 million general obligation bond authorization for the Community Parks and Playgrounds program to provide grants to local governments to design and construct capital-eligible park and playground improvement projects.

Agency Response: DNR concurs with this recommendation.

2. Approve the \$10,447,000 general obligation bond authorization for the Natural Resources Development Fund program to design, construct, and equip capital development projects on Department of Natural Resources property, provided that work may continue on each of the projects prior to the appropriation of all funds necessary to complete the project.

Agency Response: DNR concurs with this recommendation.

3. Delete Program Open Space – Stateside Acquisition general obligation bond replacement funding.

Agency Response: DNR respectfully disagrees with this recommendation.

POS Stateside preserves natural areas for public recreation and watershed and wildlife protection across Maryland. The department is actively pursuing all POS Stateside acquisition projects that meet the goals and objectives of the program. Continued funding for POS Stateside is especially important given the following:

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- The department has experienced significant increased demand for public open space and recreation areas throughout the state since the beginning of the COVID-19 pandemic. Maryland State Parks welcomed a record number of visitors in 2020—more than 21.5 million—far surpassing the previous record of 14.9 million total visitors in 2019. Between July and January of this fiscal year, the Board of Public Works has approved POS Stateside projects protecting over 2,100 acres, an increase of 18% over the acres protected during the same period last year. This pace is expected to continue as more projects are added to the pipeline on a weekly basis in order to meet the increased demand for public open space.
 - The 2019 Chesapeake Bay Restoration Spending Report and Maryland’s Phase III WIP commitments include maintaining current funding levels (based on FY 2019 figure of \$48.5 million) for state land conservation to further bay restoration efforts without the need to raise taxes or fees.
 - Program balances are needed in order to be prepared for projects currently underway and to allow the Department to pursue eligible projects. Currently the following projects are in process and if negotiations are successful, will be presented to the BPW for approval, encumbering additional funds: fourteen land acquisition projects with accepted offers totaling \$3.8 million, 10 projects with extended offers totaling over \$10 million, 29 projects in the appraisal phase, and \$8.4 million in funding approved for POS Public Access projects to enhance public access to DNR lands but pending contract award. Projects are added to the pipeline on a weekly basis.
 - DNR has recently worked collaboratively with counties to facilitate local acquisitions of ecologically and recreationally significant parcels. DNR assisted both Anne Arundel County (Quiet Waters Park expansion) and Harford County (Belle Vue Farm acquisition) by providing Stateside grants to complete the funding for these acquisitions. Our goal is to increase these types of partnerships.
 - The BPW also recently approved the Program Open Space Stateside Easement Valuation System, which has allowed DNR to work with more property owners interested in selling an easement to DNR for conservation and restoration opportunities.
4. Approve the \$17.0 million general obligation bond authorization for the Rural Legacy Program to provide funds for the purchase of conservation easements and the acquisition of land.

Agency Response: DNR concurs with this recommendation.

5. Approve the \$2,770,000 general obligation bond authorization for the Resiliency Through Restoration Initiative Program to provide funds for the acquisition, design, and construction of shoreline restoration and other projects to protect coastal infrastructure and for post-implementation monitoring and adaptive management.

Agency Response: DNR concurs with this recommendation.

6. Approve the \$260,000 general obligation bond authorization for the Oyster Restoration Program to design and construct oyster habitat restoration projects.

Agency Response: DNR concurs with this recommendation.

7. Approve the \$4,515,000 general obligation bond preauthorization for fiscal 2023 for the Natural Resources Development Fund program to complete construction of the Johnson Wildlife Management Area and Hillsboro Natural Resources Police Shooting Range Improvements project.

Agency Response: DNR concurs with this recommendation.

Budget Reconciliation and Financing Act Recommended Actions (p. 23)

- ***Transfer Tax Repayment Plan:*** Delete the requirement for the repayment of prior year transfer tax funding diverted to the General Fund.

Agency Response: DNR respectfully disagrees with this recommendation.

Land Acquisition and Planning Unit - The transfer tax repayment plan was included in HB 462 of 2016 which requires repayment of certain transfers from the transfer tax special fund to the general fund. Because the repayment funds are allocated to programs through the transfer tax allocation formula, eliminating this requirement will reduce funding for Program Open Space Local, the Rural Legacy Program, and Program Open Space Stateside. The importance of continued funding for POS Stateside is outlined above.

Program Open Space Local - Counties continue to relay the importance of POS Local funding to their jurisdictions and their ability to provide park and recreation opportunities to the public especially in light of the increased demand for public open space and recreation areas during COVID. To date in FY 2021, the BPW has approved over \$46 million for 130 POS Local projects showing the high demand and need for funding. The proposed elimination of the transfer tax repayment amount in the out-years will reduce the number of park acquisition and development projects funded by local governments with POS Local funding.

Rural Legacy Program - Demand for funding through the Rural Legacy Program has averaged \$95 million/year while funding authorized has averaged \$17 million/year. Given this high demand for funding, all Rural Legacy Program funding is granted to Rural Legacy Sponsors in the year in which it is authorized for the purchase of conservation easements. The proposed elimination of the transfer tax repayment amount in the out-years will reduce the acres protected through this program.

Critical Maintenance and NRDF Programs - Loss of the Transfer Tax payback will cause the backlog of projects to grow at an increased rate.

Maryland Park Service - The proposed elimination of the transfer tax repayment will result in even less funding for the operation of Maryland's 75 State Parks. The Maryland Park Service has experienced unprecedented demand for services since the COVID-19 pandemic began. In 2020, Maryland State Parks welcomed 21.5 million visitors, compared to 14.9 million in 2019. This represents a 45% increase in visitation. In 2020, park "Full to Capacity Park Closures" totaled a record 292 capacity closures across 11 parks statewide. The highest total we had previously recorded was 122.

- ***Program Open Space General Obligation Bond Replacement:*** Require the Governor to transfer \$34.0 million in Program Open Space – State transfer tax special funds to the General Fund in fiscal 2022 without the requirement for replacement with general obligation bond funds in the fiscal 2022 capital budget bill.

Agency Response: DNR respectfully disagrees with this recommendation.

Please see the above response to the recommendation to delete GO Bonds for POS Stateside.