

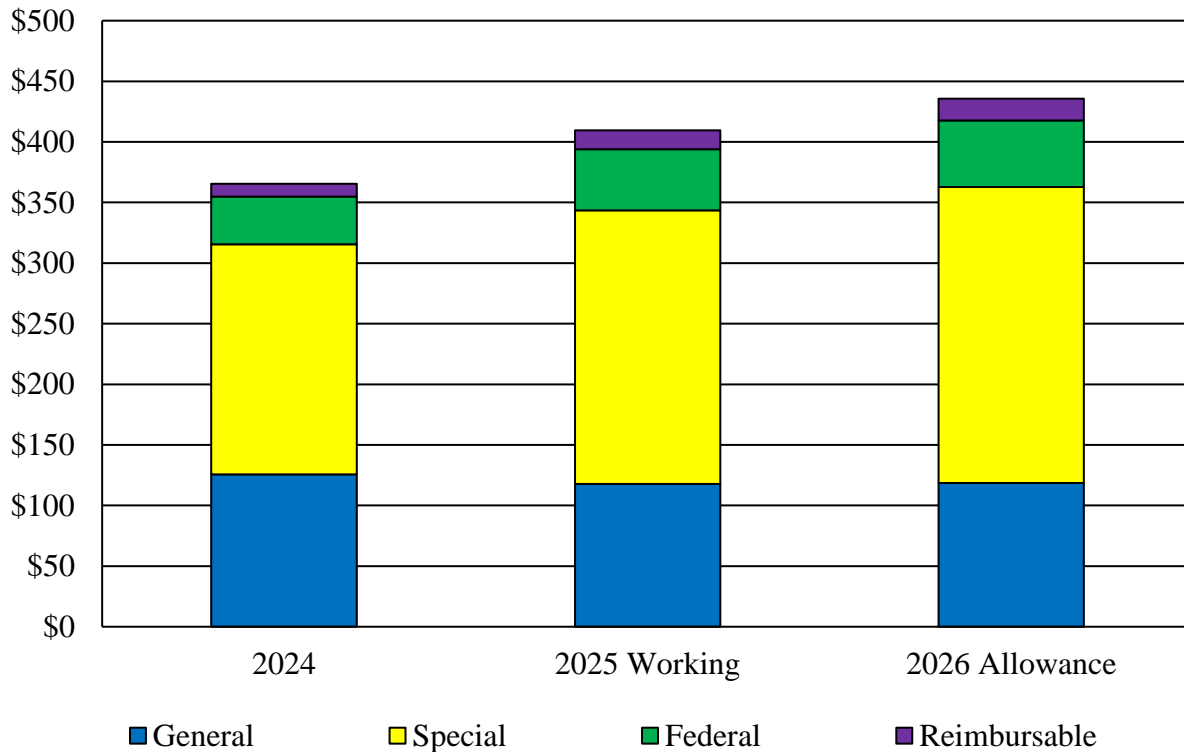
K00A
Department of Natural Resources

Executive Summary

The Department of Natural Resources (DNR) leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources.

Operating Budget Summary

**Fiscal 2026 Budget Increases \$26.1 Million, or 6.4%, to \$435.6 Million
(\$ in Millions)**



Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies, and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- DNR’s budget includes fiscal 2025 deficiency appropriations that would replace \$2,586,587 in general funds with an equivalent amount of special funds, contingent on the enactment of the Budget Reconciliation and Financing Act (BRFA) of 2025, allowing the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for supporting operating expenses in DNR, and an increase of \$1,345,678 comprised of \$299,403 in general funds, \$596,275 in special funds, and \$450,000 in reimbursable funds to fund the continuation of oyster planting.
- The overall change in DNR’s budget is an increase of \$26.1 million, or 6.4%. The largest increases are \$8.2 million, due to a decrease in the turnover rate, \$5.0 million for Whole Watershed Act funding through the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, \$5.0 million for reclassifications, \$5.0 million for salaries, and \$4.4 million for federal Climate Pollution Reduction Grants. The largest decreases include \$3.9 million for contractual full-time equivalents (FTE) converted to regular positions, and \$3.7 million for operations and maintenance contracts for the grounds at the Fair Hill event area in Fair Hill Natural Resources Management Area.

Key Observations

- ***Managing for Results (MFR) Measures:*** DNR’s fiscal 2026 MFR reflects the following: (1) State Park visitation continues to decline from pandemic highs, and there is no new data on capacity closures; (2) the crab population declines slightly, and harvesting restrictions continue; and (3) Maryland juvenile striped bass index improved slightly but is still low, and harvest regulations have been imposed.
- ***BRFA Provisions for Fiscal Stability:*** The Program Open Space (POS) Fund, the Waterway Improvement Fund, and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund receive substantial revenues from the transfer tax, gasoline tax and vessel excise tax, and gasoline tax and short-term rental vehicle tax, respectively. These revenues are used for discretionary land preservation, waterway improvement, and non-point source nutrient pollution reduction, among other uses. However, Maryland is entering a difficult fiscal period where the acquisition of land and other discretionary activities may not be the highest priorities. There are many ways to modify the transfer tax formula to offset general fund expenditures. Perhaps the most straightforward way is to eliminate, for fiscal 2026 through 2029, the funding allocated for land preservation. In addition, the Maryland Park Service (MPS) could be allocated \$40.0 million in fiscal 2027, which would inflate each year thereafter. The Waterway Improvement Fund and Chesapeake and Atlantic Coastal Bays 2010 Trust Fund could be authorized by BRFA provisions to cover DNR’s operating expenses for the fiscal 2026-2029 time period. The combination of the two funds could reduce DNR’s general fund expenditures by up to \$90 million per year, assuming Waterway Improvement Fund revenues of \$25.0 million per year and Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenues of \$65.0 million per year.

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- ***Three DNR Reports Not Submitted:*** DNR had not submitted three required reports as of the time of the writing of this analysis. The reports are the Fee, Fine, and Penalty Structure Report; the National Resources Police (NRP) Diversification Progress Report; and the Salt Lakes Protection and Restoration Fund Report. Fiscal 2025 Budget Bill language restricted \$50,000 pending DNR’s submission of the report showing the progress toward NRP diversification goals and the steps being taken to achieve the goals.
- ***New MD Outdoors Online Licensing System Intended to Increase Revenues:*** DNR contracted with Brandt Information Services, LLC to replace the current Electronic Licensing and Registration System – a web-based licensing and registration system – known as Compass. The new system, called MD Outdoors, is anticipated to go live in March 2025. DNR notes that the number of licenses and permits sold by DNR has drastically decreased in recent years and that the new system is intended to increase the revenue that helps to pay for DNR’s monitoring, research, surveys, and other technical and scientific management work in the field and the laboratory.
- ***2025 Session Legislation Affecting MPS and Other DNR’s Units:*** At least four bills have been introduced in the 2025 session that affect DNR’s operations. These bills indirectly address issues that likely would have been raised in the fees, fines, and penalties report requested by the budget committees. HB 717 and HB 1184/SB 477 address funding challenges experienced by MPS, while HB 719 and HB 40/SB 258 largely increase fees used by Fishing and Boating Services and the DNR units funded with State Boat Act revenues.

Operating Budget Recommended Actions

1. Adopt narrative on a summary of Chesapeake Bay restoration spending.
2. Adopt narrative on a historical and projected Chesapeake Bay restoration spending report.
3. Adopt narrative on the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans.

Budget Reconciliation and Financing Act Recommended Actions

1. Modify the transfer tax for fiscal 2026 through 2029 to provide a base amount of funding to the Maryland Park Service that would inflate each year and transfer funding for land preservation programs to the General Fund.
2. Expand the use of the Waterway Improvement Fund for fiscal 2026 through 2029 to be used for the Department of Natural Resources' general operating expenses.
3. Expand the use of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for fiscal 2026 through-2029 to be used for the Department of Natural Resources' general operating expenses.

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Operating Budget Analysis

Program Description

DNR leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State's natural resources. To accomplish this mission, DNR is structured into the programmatic units described as follows.

- ***Office of the Secretary:*** Provides overall direction and supervision; public outreach; customer service; and legislative, financial, administrative, information technology (IT), and legal services.
- ***Forest Service:*** Manages the State forests and supports Maryland's forest and tree resources by providing private forestland management expertise, wildfire protection, and urban and community forestry assistance.
- ***Wildlife and Heritage Service:*** Provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds, and mammals and the operation of over 127,000 acres of State-owned lands that are classified as Wildlife Management Areas.
- ***MPS:*** Manages natural, cultural, historic, and recreational resources in parks across the State and provides related educational services.
- ***Land Acquisition and Planning:*** Administers diverse financial assistance programs that support public land and easement acquisitions and local grants and leads the preparation of the Maryland Land Preservation and Recreation Plan.
- ***Licensing and Registration Service:*** Operates eight regional service centers (primarily within the Motor Vehicle Administration branch offices) that assist the public with vessel titling and registration, offroad vehicle registration, commercial fishing licenses, and recreational hunting and fishing licenses.
- ***NRP:*** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law; provides primary law enforcement services for Maryland's public lands owned by DNR; and serves as the State's lead on maritime homeland security.
- ***Engineering and Construction:*** Provides engineering, project management, and in-house construction services for all capital development and critical maintenance projects located on lands owned by DNR.

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- ***Critical Area Commission:*** Implements the cooperative resource protection program between the State and local governments in the 1,000-foot-wide critical area surrounding the Chesapeake Bay by reviewing local development proposals, providing technical planning assistance to local governments, approving amendments to local plans, and providing grants for the implementation of 61 local critical area programs.
- ***Resource Assessment Service:*** Evaluates and directs implementation of environmental restoration and protection policy for tidal and nontidal ecosystems, ensures electricity demands are met at reasonable costs while protecting natural resources, and provides scientific assessments and technical guidance for the management of geologic and hydrologic resources.
- ***Maryland Environmental Trust:*** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance and provides grants, loans, and technical assistance to local land trusts.
- ***Chesapeake and Coastal Service:*** Coordinates State efforts to restore and protect the Chesapeake and Atlantic Coastal Bays by providing technical assistance and financial resources to local governments, State government agencies, nonprofit organizations, and private landowners to restore local waterways and prepare for future storms and coastline changes. In addition, the unit also administers the Waterway Improvement Program’s capital projects – public boating access facilities and navigation channel dredging.
- ***Fishing and Boating Services:*** Manages commercial and recreational harvests to maintain sustainable fisheries and to optimize recreational and economic use of these resources. In addition, the unit also oversees the State-owned Somers Cove Marina; places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public; and coordinates the Clean Marina Initiative and Pumpout Program.

DNR’s mission is to lead Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources. DNR’s goals are as follows.

- ***Goal 1:*** Healthy terrestrial ecosystems.
- ***Goal 2:*** Healthy aquatic ecosystems.
- ***Goal 3:*** Fiscal responsibility – efficient use of energy and resources and the support of long-term economic prosperity.
- ***Goal 4:*** Citizen stewardship, outdoor recreation, and opportunities to take action.
- ***Goal 5:*** Vibrant communities and neighborhoods.

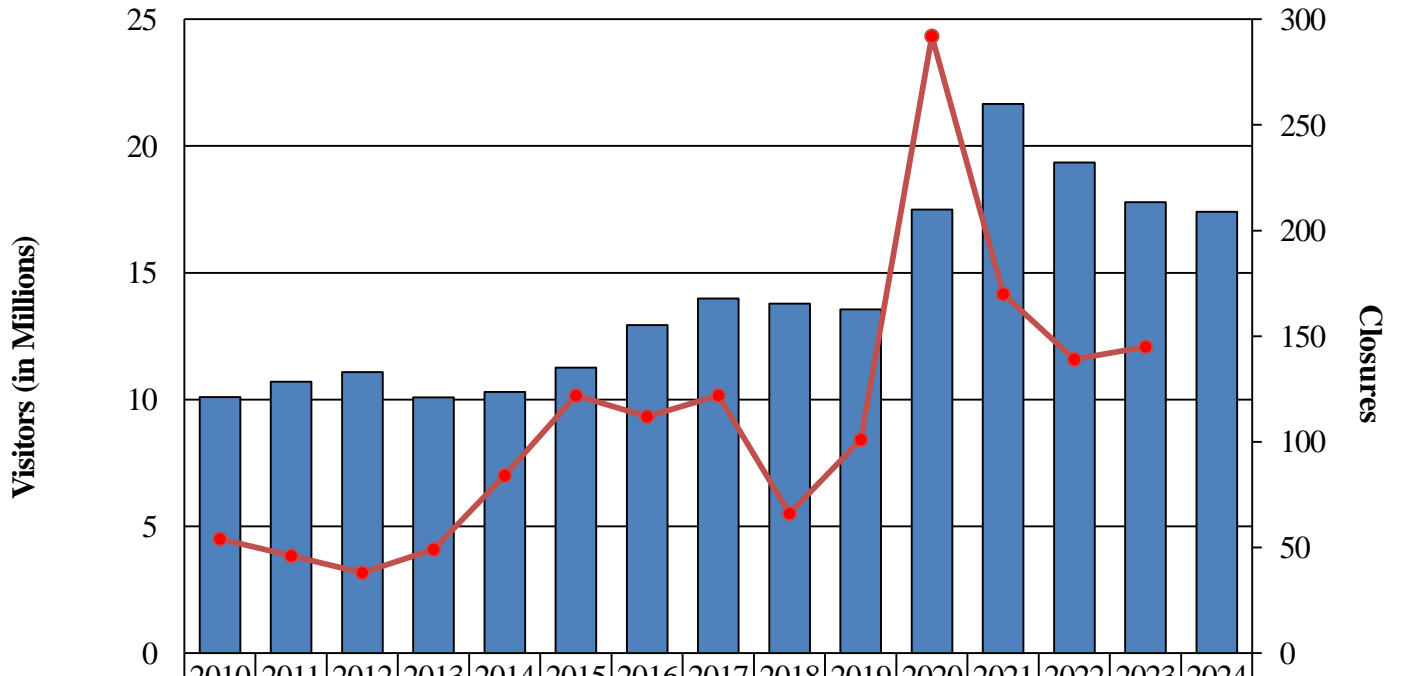
Performance Analysis: Managing for Results

1. State Park Visitation Continues to Decline from Pandemic Highs; No New Data on Capacity Closures

DNR’s fourth goal is citizen stewardship, outdoor recreation, and opportunities to take action. One of the objectives under this goal is to annually provide outdoor recreational, historical, and cultural resource experiences for over 10 million visitors to State parks. As a result of the COVID-19 pandemic and underlying demographic changes, the State park system experienced a substantial increase in visitation that forced a greater number of park capacity shutdowns and exposed equity of access concerns. Considering these conditions, the State Park Investment Commission was created and, subsequently, Chapter 39 of 2022 was enacted, providing substantial enhancements to MPS operating and supporting capital programs. The independent park consultant study required by Chapter 39 was completed in January 2024, providing recommendations for how to deal with the increase in visitors and address capacity shutdowns.

As shown in **Exhibit 1**, MPS generally has experienced both increasing visitation and park capacity closures since calendar 2010. This trend was exacerbated with the onset of the COVID-19 pandemic in March 2020. It now appears that capacity closures peaked at 292 in calendar 2020, and park visitation peaked at 21.7 million in fiscal 2021, although the assumption is that park visitation will continue to rise with population growth. The number of visitors decreased for the third year in a row from fiscal 2023 to 2024. The park capacity closures increased from 139 in fiscal 2022 to 145 in fiscal 2023. No new data on park capacity closures was available for fiscal 2024. Of note, the capacity closures, usually related to staffing and parking limitations, are just one type of closure. DNR notes that it also has closures related to storms and floods, which are not tracked in the same way as capacity closures. **DNR should provide the number of each type of fiscal 2024 park capacity closure and discuss what is being done to limit each type of closure.**

Exhibit 1
Maryland State Park Visitors and Capacity Closures
Fiscal and Calendar 2010-2024 Est.



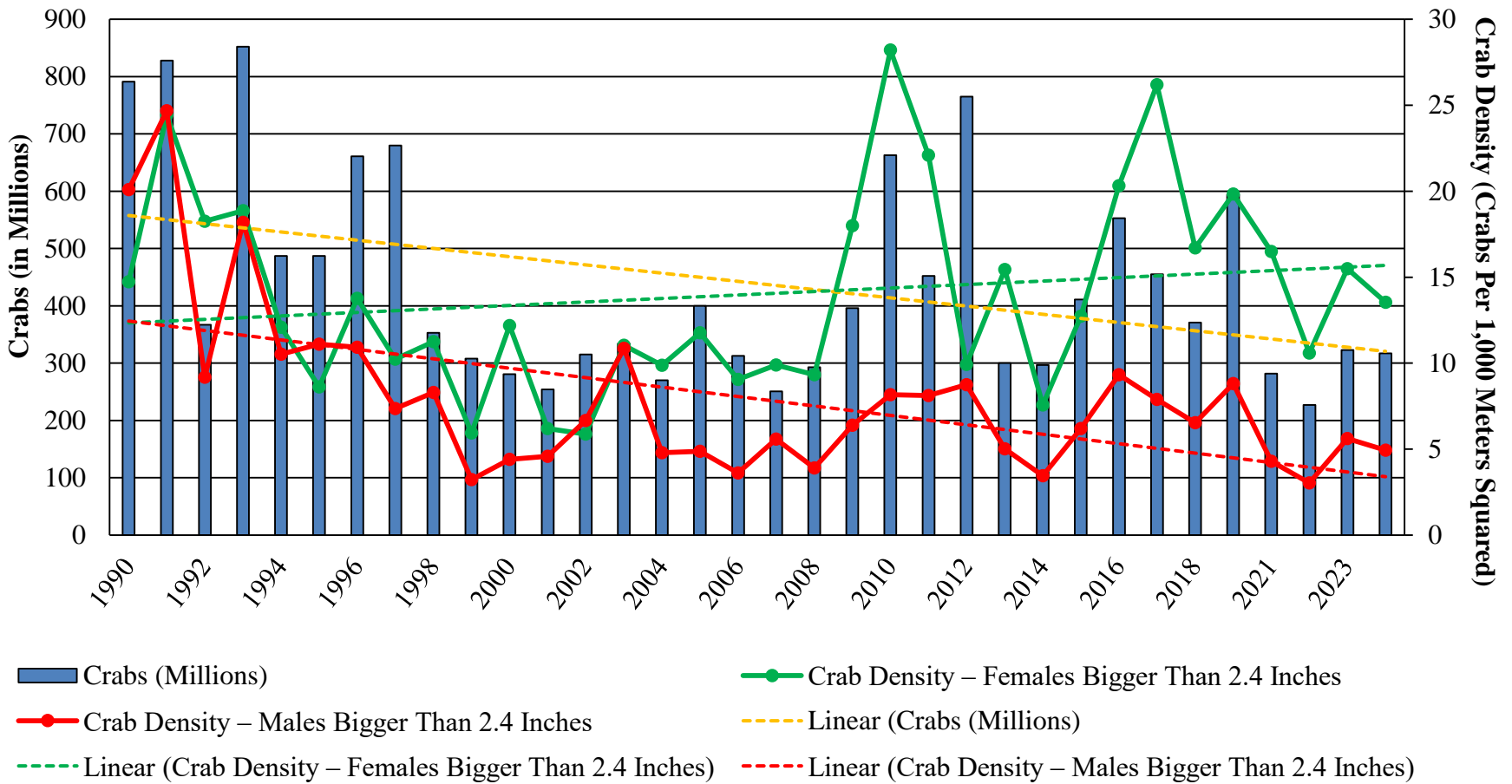
■ Visitors Using Parks (Fiscal Year)	10.1	10.7	11.1	10.1	10.3	11.3	12.9	14.0	13.8	13.6	17.5	21.7	19.4	17.8	17.4
—● Park Capacity Closures (Calendar Year)	54	46	38	49	84	122	112	122	66	101	292	170	139	145	

Source: Governor’s Budget Books; Department of Natural Resources

2. Crab Population Declines Slightly; Harvesting Restrictions Continue

DNR’s second goal is healthy aquatic ecosystems. Under this goal is the objective to annually achieve fishery sustainability objectives (target fishing level and/or biomass threshold) for blue crab, striped bass, and oyster fisheries. The crab fishery is usually managed by adjusting the harvest rate of female spawning age crabs relative to a 196 million female crab target and 72.5 million female crab threshold. The 2024 data on female spawning age crabs reflects a decrease from 152 million in calendar 2023 to 133 million crabs in 2024, although this is still above the abundance threshold of 72.5 million crabs. In addition, the percentage of female crabs removed by fishing (exploitation rate) in 2023 was estimated at 25%, which is below the exploitation rate management target (28%) and threshold (37%). However, as shown in **Exhibit 2**, the trend is an overall decline in the crab population since calendar 1990. While there were 323 million crabs in calendar 2023, this is just one year of improvement since the 227 million level in calendar 2022, the lowest the crab population has been since the initiation of the Winter Dredge Survey – the main source of crab population statistics. There were 317 million crabs in calendar 2024, which does not appear to be a statistically relevant change from the 323 million crabs in calendar 2023. Particularly worrisome, though, is that the trend in the overall crab population is declining despite the female harvest rate being at or near the target. This suggests that the decline in the crab population may be due to the male crab population.

Exhibit 2
Winter Dredge Survey Crab Population Statistics
Calendar 1990-2024



Source: Department of Natural Resources

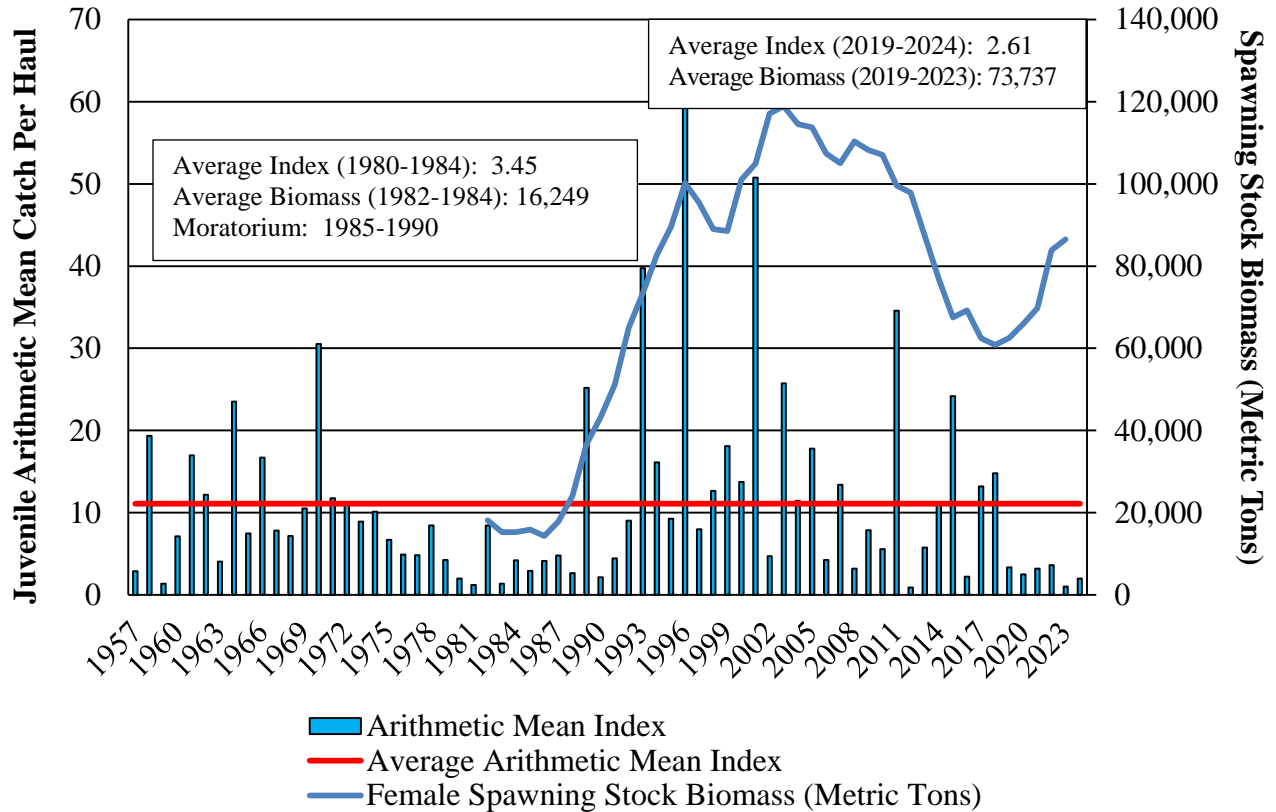
The male and female crab statistics shown in Exhibit 2 reflect the densities of crabs per 1,000 meters squared. The trend lines reflect that the breeding age female crab population – females bigger than 2.4 inches – is slightly increasing over time. In contrast, the male crab population bigger than 2.4 inches is decreasing over time. DNR has taken a number of actions to address these considerations. Most recently, DNR issued commercial male hard crab and mature female hard crab catch limits for July through December 2024, and recreational hard crab catch and possession limits for July 2024 through June 2025. Of note, the blue crab population is naturally variable and impacted by multiple factors, including habitat availability, bay and oceanic conditions, disease, and predation, including by red drum and invasive blue catfish.

On June 7, 2024, the Chesapeake Bay Program’s Chesapeake Bay Stock Assessment Committee issued its annual blue crab advisory report, which recommended precautionary management measures focused on protecting mature females and juveniles to maintain a healthy spawning stock and to consider male crab protections due to the conservation trigger for male harvest being met several times in recent years. To improve understanding of blue crab population dynamics and the fishery, the Chesapeake Bay Stock Assessment Committee is preparing for a benchmark stock assessment that accounts for new data and alternative model structures to evaluate and revise the management framework. The last assessment was conducted in 2011. The new assessment originally was expected to be completed by late calendar 2025 but has been pushed back to March 2026. The assessment is funded by a legislative addition of \$225,000 in general funds to DNR’s fiscal 2024 budget. **DNR should comment on how the new Chesapeake Bay Stock Assessment will differ from the 2011 assessment and how it will better inform blue crab management decisions.**

3. Maryland Juvenile Striped Bass Index Improves Slightly But Still Low; Harvest Regulations Imposed

Also under DNR’s second goal of healthy aquatic ecosystems is the management of the striped bass fishery. DNR announced the results of the most recent juvenile striped bass survey on October 17, 2024. As shown in **Exhibit 3**, the survey reflected that the 2024 young-of-year index is 2.0, which is well below the long-term average of 11.1, and is the seventh lowest value since at least calendar 1957. In terms of historical precedents, the average young-of-year index for calendar 1980 through 1984 – the period immediately preceding the 1985 to 1990 striped bass fishing moratorium – was 3.45. Of concern is that the average young-of-year index for calendar 2019 through 2024 is 2.61. DNR has noted that the index does not appear to warrant a moratorium because the average spawning stock biomass – reproductive females – was only 16,249 metric tons for calendar 1980 to 1984, while it is 73,737 metric tons for calendar 2019 through 2024, or 4.5 times greater. However, DNR is still concerned that the index has been below the long-term average for the last six years. On February 9, 2024, DNR announced that it had enacted striped bass emergency regulations to increase protections for the spawning population. The regulations included closing the spring trophy fishery season and extending the existing prohibition on the targeting of striped bass, which began April 1 through May 15, 2024. On May 31, 2024, DNR proposed regulations that went through the standard review process and largely reflected the emergency action. These regulations became effective November 25, 2024.

Exhibit 3
Maryland’s Juvenile Striped Bass Index and
Atlantic Spawning Stock Biomass
Calendar 1957-2024



Source: Department of Natural Resources; Atlantic States Marine Fisheries Commission

Fiscal 2025

Cost Containment

The Board of Public Works (BPW) approved cost containment actions in July 2024; the general fund reductions pertaining to DNR are as follows:

- **Forest Service:** \$250,000 for the new Maryland Forestry Education Fund established by Chapter 480 of 2023;

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- **MPS:** \$952,799 for replacement vehicles;
- **Natural Resources Police – Field Operations:** \$225,000 for delaying the hiring of vacant positions until later in the fiscal year;
- **Maryland Geological Survey:** \$500,000 for replacement equipment replacement; and
- **Fishing and Boating Services:** \$250,000 for freshwater mussel revitalization.

Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill added funding for legislative priorities in fiscal 2025. The legislative priorities budgeted in DNR’s budget totaled \$550,000 and 2.0 positions and are as follows.

- **Freshwater Mussel Revitalization:** \$250,000 was added to the Fishing and Boating Services unit for supporting freshwater mussel revitalization, but this funding was reduced by the BPW cost containment action noted above.
- **Whole Watershed Restoration Partnership:** \$200,000 and 2.0 positions were added to the Chesapeake and Coastal Service unit for staffing the State Management Team that administers the Whole Watershed Restoration Partnership, contingent on the enactment of HB 1165 or SB 969 establishing the Whole Watershed Restoration Partnership, which were enacted as Chapters 558 and 559 of 2024.
- **Potomac River Fisheries Commission:** \$100,000 was added to the Fishing and Boating Services unit for providing a grant to the Potomac River Fisheries Commission to support Potomac River oyster revitalization.

DNR should comment on the current status of the funding for the fiscal 2025 legislative priorities.

Proposed Deficiencies

The fiscal 2026 Budget Bill contains two fiscal 2025 deficiency appropriations for a net increase of \$1,345,678 comprised of a net decrease of \$2,287,184 in general funds, which is offset by increases of \$3,182,862 in special funds and \$450,000 in reimbursable funds. The deficiencies are as follows.

- **Chesapeake and Coastal Service:** a fund swap of \$2,586,587 in special funds for an equivalent amount of general funds. The fund swap would increase the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special fund appropriation by \$2,586,587 to defray an equal amount of general funds, contingent on the enactment of the BRFA provision

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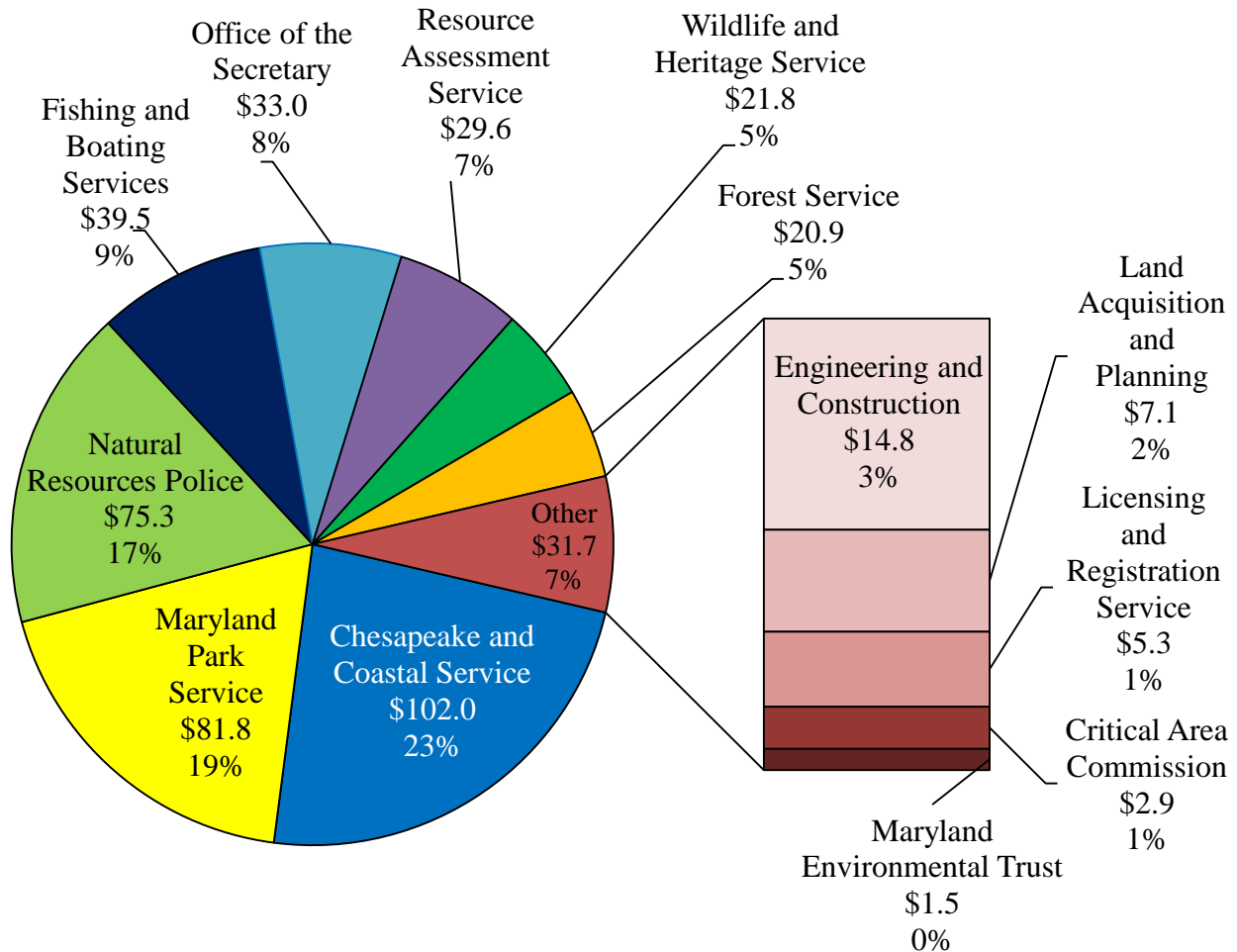
allowing the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for supporting operating expenses in DNR. A similar action swapping Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special funds for general funds was taken in the fiscal 2025 Budget Bill as both fiscal 2024 deficiency and fiscal 2025 budget actions. Instead of supporting DNR’s operating expenses, the fiscal 2025 Budget Bill actions authorized the funding to be used for satisfying the Tree Solution Now Act \$2.5 million funding mandate.

- ***Fishing and Boating Services:*** an increase of \$1,345,678 comprised of \$299,403 in general funds, \$596,275 in special funds from the Fisheries Research and Development Fund, and \$450,000 in reimbursable funds from the Maryland Port Administration. The funding would primarily be used for the continuation of oyster planting.

Fiscal 2026 Overview of Agency Spending

DNR is structured into a number of programmatic units and is staffed by 1,555 regular positions and 367.26 contractual FTEs in the fiscal 2026 allowance. **Exhibit 4** reflects the \$435.6 million spending breakdown for DNR’s programmatic units. The programmatic units with the largest amount of funding are as follows:

Exhibit 4
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management; Department of Legislative Services

- Chesapeake and Coastal Service (\$102.0 Million, or 23%):** The primary funding is (1) \$80.0 million for grants, including the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grant funding of \$78.5 million in fiscal 2026; (2) \$13.7 million for contracts; and (3) \$7.5 million for regular positions.

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- ***MPS (\$81.8 Million, or 19%):*** The primary funding is (1) \$34.4 million for regular positions and \$10.4 million for 247.69 contractual FTEs in Maryland’s parks; (2) \$7.9 million for contractual services; (3) \$6.9 million for grants, including \$4.1 million for the Revenue Equity Program payments to counties and \$2.6 million for payments in lieu of taxes to the counties; (4) \$6.5 million for fuel and utilities; (5) \$6.3 million for supplies and materials; and (6) \$5.6 million for motor vehicles.
- ***NRP (\$75.3 Million, or 17%):*** The primary funding is (1) \$61.6 million for law enforcement officer regular positions; (2) \$7.9 million for vehicles; (3) \$2.0 million for supplies; and (4) \$1.0 million for contractual services.
- ***Fishing and Boating Services (\$39.5 Million, or 9%):*** The primary funding is (1) \$21.0 million for regular positions; (2) \$9.8 million for contracts; (3) \$2.2 million for grants, including the \$1.8 million mandated amount for the Fisheries Research and Development Fund and \$0.3 million from the Waterway Improvement Fund for a maritime competitive grant program per Chapter 560 of 2024; (4) \$1.7 million for motor vehicles; (5) \$1.5 million for supplies and materials; and (6) \$1.1 million for contractual FTEs.
- ***Office of the Secretary (\$33.0 Million, or 8%):*** The primary funding is (1) \$18.6 million for regular positions; (2) \$9.7 million for contracts; and (3) \$2.3 million for communications.
- ***Resource Assessment Service (\$29.6 Million, or 7%):*** The primary funding is (1) \$13.8 million for contracts; and (2) \$11.2 million for regular positions.
- ***Wildlife and Heritage Service (\$21.8 Million, or 5%):*** The primary funding is (1) \$11.5 million for regular positions; (2) \$4.0 million for contractual services; (3) \$2.3 million for equipment; and (4) \$1.9 million for vehicles.
- ***Forest Service (\$20.9 Million, or 5%):*** The primary funding is (1) \$12.2 million for regular positions; (2) \$3.4 million for grants, including \$1.8 million for federal Urban Forestry grants from the Inflation Reduction Act (IRA), \$0.5 million for the Mel Noland Woodland Incentives and Fellowship Fund; \$1.7 million for contractual services, including \$0.7 million for off-road vehicle trail projects; (3) \$1.0 million for vehicles; and (4) \$1.0 million for contractual FTEs.

Proposed Budget Change

DNR’s fiscal 2026 allowance increases by \$26.1 million, or 6.4%, relative to the fiscal 2025 working appropriation, as shown in **Exhibit 5**.

**Exhibit 5
Proposed Budget
Department of Natural Resources
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2024 Actual	\$125,678	\$189,866	\$39,338	\$10,659	\$365,541
Fiscal 2025 Working Appropriation	117,711	225,751	50,500	15,532	409,494
Fiscal 2026 Allowance	<u>118,579</u>	<u>244,159</u>	<u>54,893</u>	<u>17,941</u>	<u>435,572</u>
Fiscal 2025-2026 Amount Change	\$868	\$18,408	\$4,394	\$2,409	\$26,078
Fiscal 2025-2026 Percent Change	0.7%	8.2%	8.7%	15.5%	6.4%

Where It Goes: **Change**

Personnel Expenses

Turnover rate decreases from 9.31% to 4.77%	\$8,178
Reclassification increase	4,991
Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments.....	4,986
Contractual conversions.....	2,949
Workers’ compensation	328
New regular positions, contingent on HB 717	169
Employee and retiree health insurance.....	-3,362

Other Changes

Natural Resources Policy

Whole Watershed Act funding from 2010 Trust Fund, special funds	5,000
Climate Pollution Reduction Grants, DNR reimbursable funds from federal funds.....	4,350
Oyster restoration funding, NOAA Habitat Conservation, federal funds.....	2,945
Fisheries Research and Development Fund mandate restored, general funds	1,794
Maryland Park Service headquarters consulting services, special funds.....	1,200
State Lakes Protection and Restoration Fund contracts, special fund expenditures	931
IIJA Most Effective Basins local partner sub-awards, federal funds	500
Chesapeake Biological Laboratory monitoring, Bay Program, federal funds	474
Waterway Improvement Fund for maritime heritage, special funds.....	250
Maryland Park Service State lakes contracts, reimbursable funds	-622
Vessel pumpout construction and operation funding, federal funds	-2,547

Legislative Priorities

Potomac River Fisheries Commission oyster revitalization legislative priority	-100
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Where It Goes:	<u>Change</u>
<i>Routine Operations</i>	
Maryland Park Service headquarters new facility construction, special funds	1,200
Statewide subobjects, primarily DoIT services allocation	864
Vehicles, primarily in Natural Resources Police, partial offsetting reductions.....	716
Utilities.....	329
Travel	79
Forest Service eastern region other land and structures decrease, special funds.....	-513
Supplies and materials decrease, primarily in Maryland Park Service	-846
New and replacement equipment reductions.....	-906
Fair Hill event area, operations and maintenance contracts for grounds, special funds....	-3,745
Contractual FTEs decrease due to conversions	-3,853
Other	339
Total	\$26,078

- COLA: cost-of-living adjustment
- DNR: Department of Natural Resources
- DoIT: Department of Information Technology
- FTE: full-time equivalent
- IIJA: Infrastructure Investment and Jobs Act
- NOAA: National Oceanic and Atmospheric Administration

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Major Nonpersonnel Changes

Natural Resources Policy

The largest change under natural resources policy is an increase of \$5.0 million for Whole Watershed Act funding from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. Chapters 558 and 559 established the Whole Watershed Fund to provide funding to accelerate restoration of the Chesapeake and Atlantic Coastal Bays and their watersheds. The Whole Watershed Fund is authorized to receive funding from a number of State agricultural and environmental special funds, including the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.

Another large increase is the \$4.4 million in Climate Pollution Reduction grants funding. On July 22, 2024, Governor Wes Moore announced the receipt of \$130 million in U.S. Environmental Protection Agency Climate Pollution Reduction Grants funding authorized

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under the hIRA. DNR’s share of the Climate Pollution Reduction Grants funding comes as reimbursable funds from the Maryland Department of the Environment (MDE) and is part of a regional approach to climate change called the Atlantic Coastal Conservation Coalition, which includes North Carolina, South Carolina, and Virginia in addition to Maryland. DNR’s work will include living shoreline implementation.

Fishing and Boating Services accounts for the other two large increases under natural resources policy. There is a \$2.9 million increase in U.S. Department of Commerce – National Oceanic and Atmospheric Administration (NOAA) Habitat Conservation funding for oyster restoration work, and \$1.8 million for the Fisheries Research and Development Fund mandate that was eliminated in fiscal 2025. The \$2.9 million increase in federal funds reflects \$2.9 million from the new federal grant announced in July 2024 for new oyster sanctuary construction work and \$50,000 for Horn Point Hatchery oyster production, bringing the total amount to \$0.8 million for this purpose.

There is a \$0.9 million increase in special funds for State Lakes Protection and Restoration Fund projects. This reflects the budgeting of special fund expenditures from the fund, in addition to the general fund appropriation to the fund that was already in the budget.

The largest decrease under natural resources policy is \$2.5 million for vessel pumpout construction and operation funding. Vessels are not allowed to discharge raw sewage within U.S. territorial waters. This funding provides for pumpout infrastructure construction and operations and maintenance of pumpout facilities and boats and comes from the U.S. Department of Commerce – NAOO Office of Coastal Management. There is also a decrease of \$0.6 million for MPS State lakes contract funding. This reflects reimbursable funding, presumably from the State Lakes Protection and Restoration Fund.

Routine Operations

There are two large changes that can be categorized as routine operations. There is an increase of \$1.2 million in special funds for new facility construction in MPS. There is also a \$3.7 million decrease in special funds for operations and maintenance contracts for the grounds at the Fair Hill event area at Fair Hill Natural Resources Management Area.

BRFA and Other Contingent Legislation

The BRFA includes four provisions related to DNR (one of which impacts both fiscal 2025 and 2026), and a special fund appropriation contingent on HB 717. The provisions are as follows.

- ***Maryland Forestry Education Fund Mandate:*** The BRFA removes the mandate on the Governor to appropriate \$250,000 to the Maryland Forestry Education Fund in fiscal 2026, which is the final year of mandated funding under current law. Corresponding budget bill language on the Forest Service’s fiscal 2026 general fund appropriation reduces the appropriation by \$250,000 contingent on enactment of the BRFA provision. As noted

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previously, BPW actions reduced the fiscal 2025 general fund appropriation by \$250,000 for the same purpose.

- ***MPS Operating Expenses Using POS Balance:*** The BRFA authorizes the Governor in fiscal 2026 only to appropriate up to \$16.4 million from POS State land acquisition fund balance for operating expenses in MPS. Corresponding budget bill language on the MPS – Statewide Operations’ fiscal 2026 special fund appropriation makes \$16.4 million of the appropriation contingent on the enactment of the BRFA provision.
- ***Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Authorization for Operating Expenses:*** The BRFA authorizes the Governor to include in the annual budget bill an appropriation of up to \$10.5 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to support operating expenses of the department. Corresponding budget bill language on DNR’s fiscal 2025 and 2026 appropriations reduces general funds and provides for special fund appropriations of an equivalent amount, contingent on the BRFA authorizing \$10.5 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to support operating expenses in DNR. The general/special fund swap in fiscal 2025 is \$2,586,587 and is on the Chesapeake and Coastal Service appropriation. The special/general fund swaps in fiscal 2026 are on the following appropriations: Secretariat – \$2,580,868; Finance and Administrative Services – \$941,973; Human Resource Service – \$2,154,047; Information Technology Service – \$1,473,839; Office of Communications – \$1,210,218; and Chesapeake and Coastal Service – \$2,139,055.
- ***Waterway Improvement Fund Support for NRP:*** The BRFA increases the amount of Waterway Improvement Fund special funds that may be used to support marine operations of NRP from \$2.0 million to \$2.1 million in fiscal 2026, and every year thereafter. Corresponding budget bill language on the NRP – General Direction special fund appropriation makes \$100,000 of the appropriation contingent on the BRFA, authorizing the Governor to appropriate an additional \$100,000 from the Waterway Improvement Fund to support the marine operations of NRP.
- ***Land Acquisition and Planning Operating Expenses Using POS Balance:*** HB 717 establishes a Land and Property Management Program in DNR and authorizes the Governor to transfer funds from the POS State land acquisition balance if the balance is greater than \$80.0 million and funding is needed to cover salaries for positions operating and maintaining land administered and managed by DNR. Corresponding budget bill language on the Land Acquisition and Planning’s fiscal 2026 special fund appropriation makes \$212,543 of the appropriation and 2 merit positions contingent on the enactment of a provision allowing DNR to realign POS State land acquisition fund balance to support operating expenses under certain circumstances.

Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

The federal Infrastructure Investment and Jobs Act (IIJA) and the IRA represent an unprecedented opportunity for DNR to apply for competitive and noncompetitive federal funding. The Department of Budget and Management’s (DBM) January 2025 *Competitive Grant Application Summary Report* provides a status of DNR’s applications, which are shown in **Appendix 2**. The total amount of competitive funding that DNR applied for is \$122.4 million. Of this amount, \$70.4 million was not awarded, and \$51.9 million reflects the funding DNR has been awarded or the application is pending, which is further broken down by program as follows: Chesapeake and Coastal Service (\$21.4 million); Forest Service (\$19.0 million); Fishing and Boating Services (\$10.0 million); Secretary’s Office (\$0.9 million); and Resource Assessment Service (\$0.6 million). The total amount of match funding is \$14.5 million, of which \$14.2 million is associated with awarded funding. **DNR should discuss the status, allocation, budgeted funding, timing of budgeted funds, and planned uses for all IIJA and IRA funding.**

Personnel Data

	FY 24 <u>Actual</u>	FY 25 <u>Working</u>	FY 26 <u>Allowance</u>	FY 25-26 <u>Change</u>
Regular Positions	1,469.50	1,501.00	1,555.00	54.00
Contractual FTEs	<u>334.92</u>	<u>479.78</u>	<u>367.26</u>	<u>-112.52</u>
Total Personnel	1,804.42	1,980.78	1,922.26	-58.52

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	74.17	4.77%
Positions and Percentage Vacant as of 12/31/24	186.50	12.43%
Vacancies Above Turnover	112.33	

Personnel

DNR’s overall personnel expenditures increase by \$18.2 million. The largest increase of \$8.2 million is due to the reduction in DNR’s turnover rate from 9.31% to 4.77%. The other large increases include \$5.0 million for reclassifications and \$5.0 million for salary increases and associated fringe benefits. The salary increases are due to the fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments, while the fiscal 2025 impacts of those adjustments are budgeted within DBM. There are 54.0 new positions in the fiscal 2026 allowance. The funding associated with the new positions is comprised of \$2.9 million for 52.0 contractual conversions and

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\$0.2 million for 2.0 to-be-hired positions in the Land Acquisition and Planning Program, contingent on the enactment of HB 717.

- The fiscal 2026 allowance reflects 1,555.0 positions, an increase of 54.0 positions relative to the fiscal 2025 working appropriation. Of these 54.0 regular positions, 2 are reflected as new positions and 52 are reflected as contractual conversions across the agency. The 2 new positions – a program manager II and an administrator II – will lead Land Acquisition and Planning’s new Land and Property Management program created by HB 717. The program, in turn, will administer DNR’s new Departmental Housing Policy.
- The fiscal 2026 allowance reflects position transfers between programs. There is an increase of 12.0 positions in the Office of the Secretary and a decrease of 12.0 positions in the Chesapeake and Coastal Service.
- DNR’s vacancy rate has increased from 8.79% to 12.43% between December 31, 2023, and December 31, 2024. As of December 31, 2024, DNR had 186.5 positions vacant. Of these positions, 27.0 have been vacant for more than a year. Another 71.0 vacant positions have a vacancy date suggesting they were recently created.
- DNR contractual FTEs decrease by a net of 112.5 positions in the fiscal 2026 allowance. The FTE decrease roughly correlates with the new positions in the fiscal 2026 allowance for the Forest Service and Wildlife and Heritage Service but is much greater for MPS relative to the position change and much less for the Office of the Secretary.
- The DNR budgeted turnover rate was reduced from 9.31% in the fiscal 2025 working appropriation to 4.77% in the fiscal 2026 allowance. Therefore, DNR must hold open approximately 74.0 positions throughout fiscal 2026 to meet turnover. DNR currently has sufficient vacancies to meet the turnover rate.

Issues

1. BRFA Provisions for Fiscal Stability

The POS Fund, the Waterway Improvement Fund, and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund receive substantial revenues from the transfer tax, gasoline tax and vessel excise tax, and gasoline tax and short-term rental vehicle tax, respectively. These revenues are used for discretionary land preservation, waterway improvement, and non-point source nutrient pollution reduction, among other uses. However, Maryland is entering a difficult fiscal period where the acquisition of land and other discretionary activities may not be the highest priorities.

There are many ways to modify the transfer tax formula to support the General Fund. Perhaps the most straightforward way is to eliminate, for fiscal 2026 through 2029, the funding allocated for land preservation by the following programs: POS State land acquisition, including funding for the POS – Public Access Program and POS – Greenspace Equity Program; POS – Local; the Maryland Agricultural Land Preservation Program; and the Rural Legacy Program. To make this funding allocation sustainable for the short-term, MPS could be allocated \$40.0 million in fiscal 2027 that would inflate each year thereafter. Even with the additional funding allocated to MPS, the General Fund could receive \$64.0 million in fiscal 2026, which would increase to \$178 million in fiscal 2029 based on current transfer tax revenue estimates.

The Waterway Improvement Fund and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund could be authorized by BRFA provisions to cover DNR’s operating expenses for the fiscal 2026 through 2029 time period. The combination of the two funds could reduce DNR’s general fund expenditures by up to \$90 million per year, assuming Waterway Improvement Fund revenues of \$25.0 million per year and Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenues of \$65.0 million per year. **The Department of Legislative Services (DLS) recommends that a BRFA provision be adopted to modify the transfer tax allocation for fiscal 2026 through 2029 to provide a base amount of funding to MPS that would inflate each year and transfer funding for land preservation programs – POS State, POS Local, Maryland Agricultural Land Preservation Program, and Rural Legacy Program – to the General Fund. DLS also recommends that BRFA provisions be adopted for fiscal 2026 through 2029 to expand the use of the Waterway Improvement Fund and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for DNR’s general operating expenses.**

2. Three DNR Reports Not Submitted

DNR had not submitted three required reports as of the time of the writing of this analysis. The reports are as follows.

- ***Fee, Fine, and Penalty Structure Report:*** The budget committees requested that DNR submit a report on a fee, fine, and penalty structure that provides sufficient revenue to support its programs, reduces the need for individual special funds to cover multiple programs, and is calibrated to both expected growth in DNR’s operations and the

population it serves. The report was required to be submitted by September 1, 2024. The report was required to include (1) a description of who pays each fee, fine, and penalty; (2) a description of how the revenue for each fee, fine, and penalty is used; (3) whether each fee is recurring or one time; (4) the volume of payors and revenue for each year since each fee, fine, and penalty was last increased; (5) an explanation for any significant changes in the revenues received from each fee, fine, and penalty, including but not limited to, changes in the number of payors or amount paid by each payor; (6) a comparison of Maryland to other peer states in terms of how the functions supported by each fee, fine, and penalty are handled; (7) the size of each of the special fund shortfalls now and a projection of each of the special fund shortfalls into the future; and (8) an analysis of how much of each of the special fund shortfalls would have been addressed by indexing each fee, fine, and penalty to inflation.

- ***NRP Diversification Progress Report:*** Fiscal 2025 Budget Bill language restricted \$50,000 pending DNR’s submission of a report showing the progress toward NRP diversification goals, and the steps being taken to achieve the goals. The report was required to be submitted by October 1, 2024. Previously, fiscal 2023 Budget Bill language restricted funding pending the submission of a hiring and promotion plan for diversifying NRP’s workforce. The hiring and promotion plan was required to meet the following diversification goals to the greatest extent practicable: achieve an intermediate goal of an improvement of at least 20% each year in representative composition compared to 2021 State demographics in the 2020 Census for Marylanders aged 20 to 41 years; a final goal of reflecting the demographics of the State by September 30, 2027; and an ongoing goal of being representative of State demographics for the immediately preceding calendar year census. In addition, Chapter 203 of 2022 required NRP to develop an action plan to diversify its workforce based on recommendations of a diversity study group established by the Act. The action plan developed by NRP, as informed by the diversity study group, reiterated the goals noted in the fiscal 2023 Budget Bill language. However, there has been negative progress toward these diversification goals. Therefore, the fiscal 2025 Budget Bill language restricted funding pending the submission of a report showing the progress toward the NPR diversification goals and the steps being taken to achieve the goals.
- ***State Lakes Protection and Restoration Fund Report:*** The budget committees requested that DNR submit a report on the State Lakes Protection and Restoration Fund by October 1, 2024. Chapters 404 and 405 of 2017 established the State Lakes Protection and Restoration Fund, administered by DNR, to protect and restore State-owned lakes. Chapter 698 of 2018 and Chapter 39 effectively mandated funding through fiscal 2026 and expanded the authorized uses of the fund 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 DNR determined to be 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. In an effort to learn more about how the fund is administered under the additional uses authorized by Chapters 698 and 39 and how it will be administered after the funding mandate and

additional uses authorized sunset June 30, 2025, the budget committees requested that DNR submit a report on the fund. The report was required to include (1) the fund's spending data in terms of particular amounts and uses for fiscal 2022, 2023, and 2024; (2) the planned fund spending before the funding mandate and additional authorized uses sunset; (3) issues or challenges experienced relative to specific Maryland lakes supported by the fund; (4) priorities for the fund going forward; and (5) the outlook for the work of the fund after the funding mandate and additional authorized uses sunset.

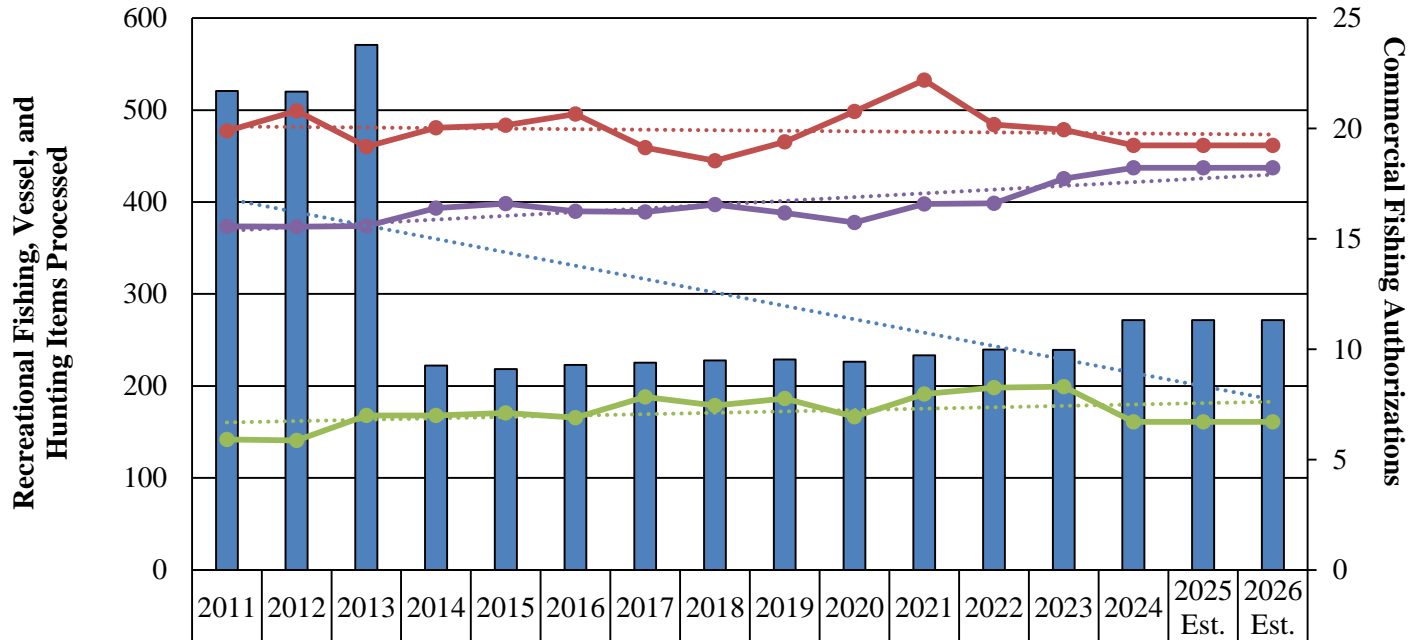
DNR should comment on why the three reports were not submitted, the status of their development, and the information currently known in response to the report requests. In addition, DLS recommends that the funding restricted pending the submission of the NRP diversification progress report not be released.

3. New MD Outdoors Online Licensing System Intended to Increase Revenues

As noted in **Appendix 3** of this analysis, DNR contracted with Brandt Information Services, LLC to replace the current Electronic Licensing and Registration System – a web-based licensing and registration system – known as Compass. The goals for the project are to link to the Maryland OneStop platform as necessary, reduce inefficiencies and redundancies, create a return on investment to ensure increased revenue, decrease monthly and annual operational costs, and increase customer satisfaction. The new system, called MD Outdoors, is anticipated to go live in March 2025. DNR notes that the number of licenses and permits sold by DNR has drastically decreased in recent years and that the new system is intended to increase the revenue that helps to pay for DNR's monitoring, research, surveys, and other technical and scientific management work in the field and the laboratory. For example, hunting license fees support recruiting, education, and certifying new hunters; acquiring and restoring wildlife habitats; maintaining and improving existing Wildlife Management Areas; providing technical assistance to landowners; and helping enforce wildlife laws and regulations. Fishing licenses support stocking fish, managing invasive species, and improving fishing infrastructure.

Exhibit 6 shows the Licensing and Registration Service items processed between fiscal 2011 and 2026. The largest change in recent years is the decrease in recreational fishing items processed, which decreased from a high of 532,559 in fiscal 2021 to 461,654 in fiscal 2024. While not large in magnitude, there was a large percentage decrease in the commercial fishing authorizations processed between fiscal 2013 and 2014, which appears to coincide with the enactment of Chapter 519 of 2013, which required small fishing businesses to pay more for fishing licenses and to obtain additional licenses. Chapter 519 was intended to allocate cost recovery needs to the commercial sector to offset general fund reductions that were reducing DNR's Fisheries Research and Development Fund and the Fisheries Management and Protection Fund close to zero balances. In contrast to the decreases in the number of fishing-related items processed, the number of hunting items processed has generally increased since fiscal 2020. **DNR should comment on the estimated increases in fishing and hunting items processed, the associated revenues, and the impact on DNR's operations from the new MD Outdoors licensing and registration system.**

Exhibit 6
Licensing and Registration Service Items Processed
Fiscal 2011-2026
(Items Processed in Thousands)



Commercial Fishing Authorizations Processed	22	22	24	9	9	9	9	9	10	9	10	10	10	11	11	11
Recreational Fishing Items Processed	477	499	460	481	483	496	459	445	465	499	533	484	479	462	462	462
Vessel Items Processed	142	141	168	168	171	165	188	179	186	166	191	198	199	161	161	161
Hunting Items Processed	374	373	374	393	398	390	389	397	388	378	398	399	426	437	437	437

Source: Department of Budget and Management Budget Books, Fiscal 2013-2026

4. 2025 Session Fiscal Legislation Affecting MPS and Other DNR’s Units

At least four bills have been introduced in the 2025 session that affect DNR’s operations, funding, or both. These bills speak indirectly to issues that likely would have been raised in the fees, fines, and penalties report requested by the budget committees. Two of the bills address funding challenges experienced by MPS, while the other two focus on Fishing and Boating Services and the DNR units funded with State Boat Act revenues.

MPS

MPS is in a difficult fiscal situation. The Great Maryland Outdoors Act provided for new positions and capital funding but did not resolve the need for a sustainable operating budget revenue source. The fiscal 2025 budget analysis noted that the fiscal 2025 allowance reflected a \$30.3 million reduction in transfer tax special funds for MPS. In addition, there was a reduction of \$2.0 million in private donations and \$0.9 million in State Lakes Protection and Restoration Fund special funds. To address this \$33.1 million shortfall, MPS’s fiscal 2025 allowance reflected an additional \$7.5 million in general funds for salaries and contractual FTEs, \$21.5 million in additional Forest and Park Reserve Fund special funds, and a reduction of \$4.2 million in salaries for regular positions and funding for contractual FTEs. As a result of these actions, it appeared that MPS would have to continue to hold vacant a substantial portion of its vacancies, which primarily reflect positions created by Chapter 39. Of note, the fiscal 2025 budget plan was predicated on reducing the Forest and Park reserve fund balance from \$18.5 million to \$0, which is not sustainable.

Information provided in fall 2024 indicates that DNR still has 62 vacancies out of the 100 positions provided by the Great Maryland Outdoors Act, which hampers its ability to implement the recommendations of the Act and speaks to long-term capacity and funding concerns. The fiscal 2026 allowance does not allay these concerns, given that \$16.4 million of MPS’s special fund appropriation is contingent upon the enactment of the BRFA authorizing the use of POS State fund balance in fiscal 2026 only. This follows on the fiscal 2026 Budget Bill language specifying the use of \$6.7 million in POS State fund balance to defray an equivalent amount of general funds in the Forest Service (\$1.0 million) and MPS (\$5.7 million), contingent on authorization in the BRFA of 2025.

HB 717 has been introduced in the 2025 session to address some of these funding concerns. The bill’s provisions affecting MPS are as follows.

- ***Affiliated Foundations:*** Authorizes DNR to establish affiliated foundations to work with MPS, among other DNR units and programs, to solicit and accept funds from various entities for improvements; promote activities that, among other things, support operation and maintenance activities within DNR-managed lands; and partner with outside entities to support innovative projects. The National Park Foundation, the official charitable arm of NPS, is an example of such an affiliated foundation. It is not clear to what extent the affiliated foundations may help stabilize MPS’s funding.

- ***POS State Land Acquisition Balance Used for Operating Costs:*** Authorizes the Governor to transfer funds from the POS State land acquisition balance if (1) the balance is more than \$80.0 million at the end of a given fiscal year and (2) DNR’s existing special fund sources are insufficient to cover existing salaries for positions responsible for operating and maintaining land administered and managed by the department. The remaining balance must be at least \$80.0 million after the transfer. The funding could be used for (1) operation and maintenance of lands administered and managed by the department; (2) administrative expenses related to land acquired by the department under POS; or (3) law enforcement activities, services, salaries, and related expenses of NRP. DNR may also transfer any amount of the transferred funds to the Forest or Park Reserve Fund. The legislation specifies that any fund transfer supplements rather than supplants any other funding for operation, maintenance, and administration of lands administered and managed by DNR regardless of the source of the other funding. However, to the extent that the POS State land acquisition balance could be reduced below \$80.0 million, which would reflect timely encumbering and expending of funding, this provision could be considered one-time funding that does not resolve MPS’s long-term funding sustainability needs. In addition, the provision appears to incentivize DNR to reduce land acquisition to the extent that it needs POS State land acquisition balance to fund its operations. Finally, the fiscal 2026 budget includes \$212,543 in special funds and 2 merit positions contingent on this provision, which may not be sustainable.
- ***Personnel/Land Acquired Ratio:*** Requires DNR to request 1 position per 400 acres of newly acquired property to manage and administer the property. This provision will assist DNR in staying on top of its land management responsibilities. However, the source of funding for the new position to be requested is assumed to be special funds, which does not help resolve MPS’s funding needs.

HB 1184/SB 477 would address the size and scope of the new Port of Deposit State Historical Park created by the Great Maryland Outdoors Act, which has potentially large fiscal implications for MPS. The Act required the Bainbridge Development Corporation to transfer to DNR by June 1, 2023, a portion of the Bainbridge Naval Training Center site. The transfer date was extended to June 1, 2025, by Chapter 602 of 2023. HB 1184/SB 477 would extend the transfer date yet again to June 1, 2026, and reduce the size of the transferred property from 120 to 150 acres to 12 to 19 acres, which would reduce the costs for site remediation, infrastructure, utilities, and staffing, as well as the demolition and stabilization of the Tome School property, which would no longer be included in the transfer. DNR estimates that under current law, the costs for the Port of Deposit State Historical Park, which would be spread out over multiple years, could be on the order of \$56.1 million and notes that there is no operating or capital funding currently programmed for this purpose. The changes in HB 1184/SB 477 would reduce this cost substantially.

Fee Bills

HB 719 and HB 40/SB 258 have been introduced largely to increase fees. HB 719 increases fees accruing to the State Boat Act Fund, which supports the regulation of boating in Maryland under the State Boat Act. The fees that would be increased include manufacturer and dealer license fees and certificate of title, transfer of title, or a duplicate or corrected certificate of title. The fees are being raised because they no longer cover program costs and would generate approximately \$4.9 million in fiscal 2026 and future years.

HB 40/SB 258 increase fees for senior sport fishing licenses, angler's licenses, and trout stamps and repeal the trout stamp exemption for senior sport fishing licensees. Revenue increases could be on the order of \$565,800 in fiscal 2025 and \$3.0 million in fiscal 2026 and future years. The fee increases are needed because the Fisheries Management and Protection Fund and the Fisheries Research and Development Fund – the two funds that receive the revenues – are estimated to have minimal balances at the end of fiscal 2026 and thus not be able to cover, primarily, Fishing and Boating Services expenditures by fiscal 2027.

DNR should comment on how the provisions in HB 717 contribute to the long-term fiscal sustainability of MPS. DNR also should comment on how the fee increases in HB 719 and HB 40/SB 258 figure into the larger plan to support DNR's programs in general, and in particular with special funds.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Summary of Chesapeake Bay Restoration Spending: The committees request that the Department of Budget and Management (DBM), the Department of Natural Resources (DNR), and the Maryland Department of the Environment (MDE) provide a report on Chesapeake Bay restoration spending. The report shall be drafted subject to the concurrence of the Department of Legislative Services (DLS) in terms of both electronic format to be used and data to be included. The scope of the report is as follows: Chesapeake Bay restoration operating and capital expenditures by agency, fund type, and particular fund source based on programs that have over 50% of their activities directly related to Chesapeake Bay restoration for the fiscal 2025 actual, fiscal 2026 working appropriation, and fiscal 2027 allowance to be included as an appendix in the fiscal 2027 budget volumes and submitted electronically in disaggregated form to DLS.

Information Request	Author	Due Date
Summary of Chesapeake Bay restoration spending for programs that have over 50% of their activities directly related to Chesapeake Bay restoration	DBM DNR MDE	Fiscal 2027 budget submission

2. Adopt the following narrative:

Historical and Projected Chesapeake Bay Restoration Spending: The committees request that the Maryland Department of Planning (MDP), the Department of Natural Resources (DNR), the Maryland Department of Agriculture (MDA), the Maryland Department of the Environment (MDE), and the Department of Budget and Management (DBM) provide a report by December 1, 2025, on recent and projected Chesapeake Bay restoration spending and associated impacts and the overall framework to meet the calendar 2025 requirement of having all best management practices (BMP) in place to meet water quality standards for restoring the Chesapeake Bay. The report is requested to include the following:

- fiscal 2025 annual spending by fund, fund source, program, and State government agency; associated nutrient and sediment reductions; and the impact on living resources and ambient water quality criteria for dissolved oxygen, water clarity, and “chlorophyll a” for the Chesapeake Bay and its tidal tributaries to be submitted electronically in disaggregated form to the Department of Legislative Services (DLS);

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- projected fiscal 2026 to 2027 annual spending by fund, fund source, program, and State government agency; associated nutrient and sediment reductions; and the impact on living resources and ambient water quality criteria for dissolved oxygen, water clarity, and “chlorophyll a” for the Chesapeake Bay and its tidal tributaries to be submitted electronically in disaggregated form to DLS;
- an overall framework discussing the needed regulations, revenues, laws, and administrative actions and their impacts on individuals, organizations, governments, and businesses by year from fiscal 2025 to 2026 in order to reach the calendar 2025 requirement of having all BMPs in place to meet water quality standards for restoring the Chesapeake Bay, to be both written in narrative form and tabulated in spreadsheet form that is submitted electronically in disaggregated form to DLS;
- an analysis of the various options for financing Chesapeake Bay restoration, including public-private partnerships, a regional financing authority, nutrient trading, technological developments, and any other policy innovations that would improve the effectiveness of Maryland and other states’ efforts toward Chesapeake Bay restoration;
- an analysis on how cost effective the existing State funding sources, such as the Bay Restoration Fund, the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, the Water Quality Revolving Loan Fund, the Clean Water Commerce Account, and the Whole Watershed Fund among others are for Chesapeake Bay restoration purposes; and
- updated information on the Phase III Watershed Implementation Plan implementation and how the loads associated with the Conowingo Dam infill, growth of people and animals, and climate change will be addressed.

Information Request	Author	Due Date
Historical and projected Chesapeake Bay restoration spending	MDP DNR MDA MDE DBM	December 1, 2025

3. Adopt the following narrative:

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans: The committees request that the Department of Natural Resources (DNR) submit the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work

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and expenditure plans with the fiscal 2027 budget submission as required by that Section 8-2A03(d) of the Natural Resources Article.

Information Request	Author	Due Date
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans	DNR	Fiscal 2027 budget submission

Budget Reconciliation and Financing Act Recommended Actions

1. Modify the transfer tax for fiscal 2026-2029 to provide a base amount of funding to the Maryland Park Service that would inflate each year and transfer funding for land preservation programs – Program Open Space State, Program Open Space Local, Maryland Agricultural Land Preservation Program, and Rural Legacy Program – to the General Fund.
2. Expand the use of the Waterway Improvement Fund for fiscal 2026-2029 to be used for the Department of Natural Resources’ general operating expenses.
3. Expand the use of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for fiscal 2026-2029 to be used for the Department of Natural Resources’ general operating expenses.

Updates

1. Office of Outdoor Recreation Reporting Requirement

The budget committees requested information about the work of the Office of Outdoor Recreation and that DNR quantify the goals of the Maryland Outdoor Recreation Economic (MORE) Commission and develop MFR input, output, and outcome measures that correspond to these numerical goals to be submitted with the fiscal 2026 budget submission. In addition, the committees requested that DNR submit a plan for the Office of Outdoor Recreation’s implementation of the recommendations of the MORE Commission. The plan was required to include the status of implementation of the commission’s five main recommendations; strategies for implementing the recommendations that have not already been completed; an updated analysis of the value that outdoor recreation generates in Maryland as a whole and, if available, by county using Bureau of Economic Analysis data; the state of outdoor recreation and heritage tourism in Maryland using information from the updated Maryland Land Recreation and Preservation Plan; and the opportunities that a Chesapeake Bay National Recreation Area creates for Maryland. The plan was requested to be submitted by October 1, 2024.

The submitted report notes the following.

- ***Economic Activity:*** In 2022, outdoor recreation was responsible for over 80,000 jobs in Maryland (5 million jobs nationally) and \$8.3 billion in gross domestic profit (\$470 billion nationally).
- ***Prioritized MORE Recommendations:*** Due to limited staffing and resources, the Office of Outdoor Recreation focused on certain MORE Commission recommendations within each of the five major categories. The future will be guided by the State Land Preservation and Recreation Plan.
- ***MORE Implementation Tracking:*** DNR developed a MORE implementation plan tracking table for the 28 recommendations. Each recommendation is accompanied by a lead agency and partners as well as one or more metrics. While some of the metrics are status updates, the majority are concrete measures of activity relative to the particular recommendation.

2. Cultural and Historical Resources Preservation Plan for DNR-managed Lands

The budget committees requested that DNR submit a report detailing the department’s efforts to establish a cultural and historical resources protection plan. The report was requested in the context that DNR manages over 500,000 acres of land with numerous cultural and historical sites without a plan that ensures these sites are preserved. The plan was required to address the

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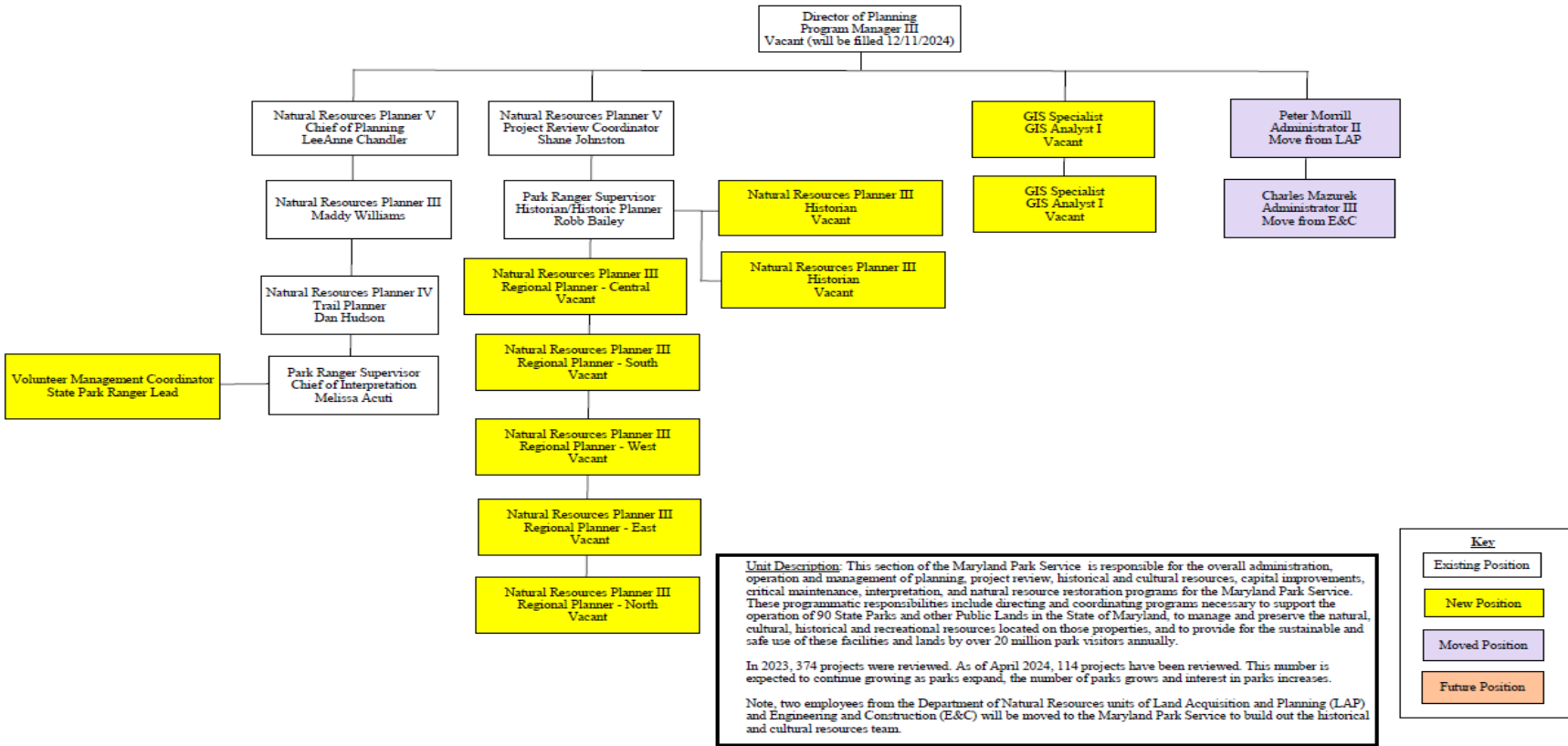
(1) development of a systemwide survey to inventory all historical and cultural sites on DNR-managed lands; (2) creation of a centralized cultural resources management unit; (3) specification of the staffing and funding needs of a centralized cultural resources management unit; (4) dedication of capital improvement funding for historic preservation projects; and (5) establishment of a research budget to conduct architectural studies and archeological investigations and synthesize data collected from these efforts into interpretive materials to be shared with the public. The report was requested to be submitted by December 1, 2024.

The submitted report focused on MPS. **Exhibit 7** shows the staffing changes noted in the report. The report's main points are as follows.

- **Project Surveys:** For context, MPS's Planning Team completed 374 project reviews across all of DNR's resource areas in calendar 2023 and reviewed 114 projects, as of April 2024 in calendar 2024. Historic and cultural project reviews are a subset of these project reviews.
- **Staffing:** The Great Maryland Outdoors Act increased DNR's position count by 100 positions. Of these 100 new positions, 9 will be added to the Planning Team. 2 of these 9 positions will be focused on historical and cultural resources and will join the existing historian/historic planner to form an and historical and cultural resources team of three. In addition, 2 existing cultural historians will be moved to the Planning Team from Land Acquisition and Planning and Engineering and Construction. These additions and moves will consolidate 5 positions – 1 existing, 2 new, and 2 moved – in MPS's cultural and historical unit within the Planning Team.
- **Systemwide Survey:** DNR is working with Preservation Maryland on a historical and cultural resources assessment for all 90 DNR properties. Western Maryland has been completed, and work will continue eastward across the State.
- **Budget:** The Natural Resources Development Fund, critical maintenance funds (presumably the Critical Maintenance Program and the Park System Critical Maintenance Fund), and the Park System Acquisition and Capital Improvement Fund are available for historic preservation capital projects. In terms of operating programs, the Resident Curatorship Program offers tenancy of historic property in exchange for restoring the property.

Exhibit 7 Cultural and Historical Resources Staffing Changes December 2024

Maryland Park Service - Revised Organizational Chart for the Planning Team



Source: Department of Natural Resources

3. Report on Recreational Striped Bass Reporting Methods and Task Force Recommendations Implementation

The budget committees requested that DNR report on recreational striped bass reporting methods and the Task Force on Recreational Fishing Data Collection and Licensing – established by Chapters 409 and 410 of 2022. In particular, the budget committees requested that DNR report on (1) methods to provide licensed fishermen the ability to record electronically per day the number of caught kept striped bass and caught discarded striped bass and (2) the status of implementation of the recommendations of the Task Force on Recreational Fishing Data Collection and Licensing. The report was requested to be submitted by December 1, 2024.

The submitted report notes the following.

- **Task Force Status:** The submitted report notes that Chapters 409 and 410 required DNR to promulgate regulations to initiate a pilot program for tracking the number of permits issued for recreational fishing, demographic data on the permittees, the number of fishing trips taken, and the number of fish caught. DNR was required to report on recommendations for expanding the pilot program by December 1, 2023, and on December 1 annually thereafter for the duration of the pilot program. DNR submitted two reports, most recently on November 2023. DNR notes in the committee narrative that, given resource constraints, it will focus on the following action items: reporting on fishery management plans (two of four activities are estimated to be completed by fall 2024); supporting angler perception data collection (two of two activities are ongoing); improving catch estimate accuracy and precision for specific species (one of one activity is ongoing); creating fish discard data streams (one of one activity is ongoing); re-examining the fishing license structure (one of four activities is estimated to be completed by fall 2024); and creating a cobia-specific data collection platform (one of one activity is ongoing).
- **Survey Work:** As required by Chapter 409 and 410, DNR modified its licensing system so that renewal of a Chesapeake Bay and Coastal Sport Boat License requires answering a series of questions. The questions were designed to determine compliance with the free angler registration, which exempts Marylanders from paying the federal \$15 registration fee, and gauge fishing effort and activity. Boat decal purchasers were asked the questions noted as well as additional questions about the top three species caught and fishing habits. DNR reported on the information provided by boat decal purchasers since February 21, 2023; a total of 37,091 responses were collected through October 31, 2023. The survey will be incorporated into DNR’s MD Outdoors online licensing system. While the data has not been completely analyzed, DNR notes that there is no evidence that the questions increased the number of people signing up for or complying with the resident Saltwater Angler Registry requirement. In addition, DNR notes that the data does not assist with improving estimates of fishing catch, discards, or effort.
- **Caught Fish Tracking:** Initiatives to collect recreational fishing data are increasing. For instance, the SciFish application through the Atlantic States Marine Fisheries Commission’s Atlantic Coastal Cooperative Statistics Program is a citizen science mobile application that allows partners to customize data collection applications.

Appendix 1 2024 Joint Chairmen’s Report Responses from Agency

The 2024 *Joint Chairmen’s Report* (JCR) requested that DNR prepare nine reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Office of Outdoor Recreation Reporting Requirement:*** The budget committees requested that DNR develop MRF measures to quantify the goals of the MORE Commission with the fiscal 2026 budget submission and submit a plan for the Office of Outdoor Recreation’s implementation of the MORE Commission’s recommendations by October 1, 2024. Further discussion of this data can be found in Update 1 of this analysis.
- ***Cultural and Historical Resources Preservation Plan for DNR-managed Lands:*** The budget committees requested that DNR submit a report detailing the department’s efforts to establish a cultural and historical resources protection plan by December 1, 2024. Further discussion of this data can be found in Update 2 of this analysis.
- ***Fee, Fine, and Penalty Structure Report:*** The budget committees requested that DNR submit a report on a fee, fine, and penalty structure that provides sufficient revenue to support its programs, reduces the need for individual special funds to cover multiple programs, and is calibrated to both expected growth in DNR’s operations and the population it serves by September 1, 2024. Further discussion of this data can be found in Issue 2 of this analysis.
- ***NRP Diversification Progress Report:*** The budget committees restricted funding pending DNR’s submission of pending the submission of a report showing the progress toward NRP diversification goals and the steps being taken to achieve the goals by October 1, 2024. Further discussion of this data can be found in Issue 2 of this analysis.
- ***State Lakes Protection and Restoration Fund Report:*** The budget committees requested that DNR submit a report on the State Lakes Protection and Restoration Fund by October 1, 2024. Further discussion of this data can be found in Issue 2 of this analysis.
- ***Summary of Chesapeake Bay Restoration Spending:*** The budget committees requested that DBM, DNR, and MDE provide a report on Chesapeake Bay restoration spending with the fiscal 2026 budget submission. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Historical and Projected Chesapeake Bay Restoration:*** The budget committees requested that the Maryland Department of Planning, DBM, DNR, MDA, and MDE submit a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework needed to meet the calendar 2025 requirement of having all best management practices in place to meet water quality standards for restoring the Chesapeake Bay by December 1, 2024. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.

K00A – Department of Natural Resources

- ***Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans:*** The budget committees requested that DNR submit the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans as required by § 8-2A-03(d) of the Natural Resources Article with the fiscal 2026 budget submission. Further discussion of this data can be found in the analysis for the CHESBAY – Chesapeake Bay Overview.
- ***Report on Recreational Striped Bass Reporting Methods and Task Force Recommendations Implementation:*** The budget committees requested that DNR submit a report on (1) methods to provide licensed fishermen the ability to record electronically per day the number of caught kept striped bass and caught discarded striped bass and (2) the status of implementation of the recommendations of the Task Force on Recreational Fishing Data Collection and Licensing by December 1, 2024. Further discussion of this data can be found in Update 3 of this analysis.

Appendix 2
IIJA and IRA Competitive Funding
Data as of January 2025

<u>Sub-Agency/ Federal Program</u>	<u>Fund Source</u>	<u>Date Applied</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
<i>Secretary's Office</i>								
Fiscal 2025 Charging and Fueling Infrastructure Grant Program	IRA	9/5/2024	Pending	\$918,000	1/1/2025 – 12/31/2028	No	N/A	N/A
<i>Subtotal</i>				<i>\$918,000</i>			<i>\$0</i>	
<i>Forest Service</i>								
Financial Assistance to Facilities That Purchase and Process Byproducts for Ecosystem Restoration Projects	IIJA	5/30/2023	Awarded	\$320,000	7/1/2023 – 6/30/2028	No	N/A	N/A
Fiscal 2022-2023 Community Wildfire Defense Grant Program for Communities at Risk	IIJA	11/20/2023	Awarded	300,000	7/1/2022 – 6/30/2027	Yes	\$30,000	10%
Fiscal 2022-2023 State Fire Assistance	IIJA	6/12/2023	Awarded	228,566	7/1/2022 – 6/30/2027	No	N/A	N/A
State Forest Action Plans	IIJA	8/15/2023	Awarded	899,000	4/7/2023 – 4/6/2028	No	N/A	N/A

<u>Sub-Agency/ Federal Program</u>	<u>Fund Source</u>	<u>Date Applied</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Urban and Community Forestry Grants	IRA	6/14/2023	Awarded	6,000,000	7/1/2023 – 6/30/2028	No	N/A	N/A
Volunteer Fire Assistance	IJA	9/4/2022	Awarded	27,320	7/1/2022 – 6/30/2027	Yes	27,320	100%
Wood Innovations Grant Program	IRA	3/1/2023	Awarded	240,000	7/1/2023 – 6/30/2028	Yes	240,000	100%
Underserved Forest Landowner	IRA	9/15/2023	Awarded	500,000	7/31/2024 – 6/30/2029	Yes	99518	20%
Temporary Water Crossing Structures	IJA	11/30/2022	Awarded	175,000	7/1/2023 – 6/30/2028	Yes	43,477	25%
Forest Landowner Support Notice of Funding Opportunity 1: Supporting Underserved and Small-Acreage Forest Landowner Participation in Emergency Private Markets	IRA	8/21/2024	Pending	1,920,390	To be determined.	Yes	280,842	23%

<u>Sub-Agency/ Federal Program</u>	<u>Fund Source</u>	<u>Date Applied</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Forest Landowner Support Notice of Funding Opportunity 3: Landowner Cost Share Payment Programs for Climate Mitigation and/or Forest Resilience Practices	IRA	9/27/2024	Pending	4,000,000	1/1/2025 – 12/31/2029	No	N/A	N/A
Forest Landowner Support Notice of Funding Opportunity 4: Landowner Payment Programs for Carbon Stewardship Practices	IRA	9/27/2024	Pending	4,350,000	1/1/2025 – 12/31/2029	No	N/A	N/A
Subtotal				\$18,960,276			\$721,157	
Resource Assessment Service								
State Component of the National Cooperative Geologic Mapping Program	IIJA	7/18/2023	Awarded	\$179,337	9/15/2023 – 9/15/2025	Yes	\$179,337	100%
State Component of the National Cooperative Geologic Mapping Program	IIJA	1/8/2024	Awarded	116,711	10/1/2024 – 9/30/2026	Yes	126,345	108%

<u>Sub-Agency/ Federal Program</u>	<u>Fund Source</u>	<u>Date Applied</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Earth Mapping Resources Initiative	IIJA	8/28/2023	Awarded	329,216	12/15/2023 – 12/14/2026	No	N/A	N/A
Subtotal				\$625,264			\$305,682	
Chesapeake and Coastal Service								
National Estuarine Research Reserve System	IIJA	10/21/2022	Awarded	\$992,728	4/1/2023 – 3/31/2025	No	N/A	N/A
Regional Conservation Partnerships Program	IRA	8/18/2023	Awarded	10,000,000	1/1/2025 – 9/30/2029	Yes	\$10,000,000	100%
Coastal Zone Management	IIJA	8/14/2023	Awarded	127,063	8/1/2024 – 7/31/2026	No	N/A	N/A
Coastal Zone Management	IIJA	8/16/2024	Pending	1,042,481	8/1/2025 – 12/30/2026	No	N/A	N/A
Coastal Zone Management	IIJA	8/17/2024	Pending	4,897,529	8/1/2025 – 7/31/2029	No	N/A	N/A
National Estuarine Research Reserve System	IIJA	8/13/2024	Pending	3,247,179	8/1/2025 – 7/31/2029	No	N/A	N/A
Chesapeake Bay Innovative Nutrient and Sediment Reduction Grants 2023 Funding Opportunity Cycle	IIJA	12/12/2023	Awarded	997,640	1/1/2024 – 12/30/2024	Yes	3,502,611	351%

<u>Sub-Agency/ Federal Program</u>	<u>Fund Source</u>	<u>Date Applied</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Coastal Zone Management: Habitat Protection and Restoration	IIJA	1/10/2024	Awarded	120,864	8/1/2024 – 7/31/2026	No	N/A	N/A
<i>Subtotal</i>				<i>\$21,425,484</i>			<i>\$13,502,611</i>	
<i>Fishing and Boating Services</i>								
NOAA’s Transformational Habitat Restoration and Coastal Resilience Grants	IRA	9/17/2023	Awarded	\$10,000,000	10/1/2024 – 9/30/2028	No	N/A	N/A
<i>Subtotal</i>				<i>\$10,000,000</i>			<i>\$0</i>	
Total				\$51,929,024			\$14,529,450	

IIJA: Infrastructure Investment and Jobs Act
 IRA: Inflation Reduction Act
 NOAA: National Oceanic and Atmospheric Administration

Appendix 3
Modernization and OneStop Integration Project
Major Information Technology Development Project

New/Ongoing: Ongoing								
Start Date: July 2020					Est. Completion Date: March 5, 2025			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2025	2026	2027	2028	2029	Remainder	Total
GF	\$15.911	\$0.050	\$0.050	\$0.000	\$0.000	\$0.000	\$0.000	\$16.011
Total	\$15.911	\$0.050	\$0.050	\$0.000	\$0.000	\$0.000	\$0.000	\$16.011

- Project Summary:** The project would replace the current Electronic Licensing and Registration System – a web-based licensing and registration system – known as Compass. The company Brandt Information Services, LLC is developing the system. The goals for the project are to link to the Maryland OneStop platform as necessary, reduce inefficiencies and redundancies, create a return on investment to ensure increased revenue, decrease monthly and annual operational costs, and increase customer satisfaction.
- Need:** Compass can no longer meet current reporting requirements and is anticipated to become even less functional; the Compass contract expired in August 2020 and most recently was extended to June 2023. For instance, Compass cannot integrate with MPS’s parks reservation system or shop DNR’s point-of-sale system. A new system could increase the retention of fishing and hunting license holders through autorenewal, which is not available with Compass.
- Observations and Milestones:** The project completed phase two, but then the bankruptcy of the State’s OneStop vendor – Enovational – required a change in plans. DNR worked with the Department of Information Technology and received approval to use a new solution. The contract with Brandt Information Services, LLC for the new solution was approved by BPW for the October 2023 through September 2026 time period. The project was on track for completion on October 1, 2024, and to go live but the go-live date was pushed back to March 5, 2025, to coincide with the end of the major hunting and fishing seasons.
- Changes:** The total project cost appears to have decreased from \$16.1 million to \$16.0 million. As noted above, the go-live date has been pushed back to March 5, 2025.
- Concerns:** DNR is reliant on the success of the new MD Outdoors online licensing system to bolster fishing and hunting license sales, which in turn provide the revenue for DNR to do monitoring, research, surveys, and other technical and scientific management in the field and the laboratory.

Appendix 4
Modernizing Maryland Park Reservation and Revenue Management System
Major Information Technology Development Project

New/Ongoing: Ongoing								
Start Date: July 1, 2022					Est. Completion Date: December 1, 2026			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2025	2026	2027	2028	2029	Remainder	Total
GF	\$3.925	\$2.095	\$0.050	\$0.000	\$1.481	\$0.000	\$0.000	\$7.552
SF	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.500
Total	\$4.425	\$2.095	\$0.050	\$0.000	\$1.481	\$0.000	\$0.000	\$8.052

- **Project Summary:** The project will provide DNR with a modern, reliable, mobile-enabled, web-based Park Reservation and Revenue Management System with a customer call center to take registrations and reservations and facilitate retail transactions, inventory control, revenue tracking, and reporting. Stakeholders include the users of the system: the public; park employees; and Central Call Center staff.
- **Need:** The original vendor contract ended March 31, 2022. Therefore, DNR sought and received approval from BPW to extend its contract by two years to March 2024 and to initiate a new procurement as soon as possible. In addition, there have been advancements in the park reservation system field over the past five years – the period in which the current park reservation system has been in use.
- **Observations and Milestones:** DNR is proposing a two-step process for the new system procurement. First, DNR intends to procure a system-needs assessment to inform a new reservation system procurement. Second, DNR will use the knowledge gained by the system-needs assessment to go forward with a separate procurement. A request for proposals was advertised on October 2, 2023. DNR formed an evaluation committee and chose RA Outdoors, LLC (doing business as Aspira), which was approved on the November 20, 2024 BPW agenda. The project timeline appears to have slipped again as the plan is to complete implementation by December 1, 2026, as opposed to March 1, 2026.
- **Concerns:** Originally, there was a concern that the current vendor contract ended in March 2024. DNR noted that it worked with the vendor to provide operation and maintenance of the existing system until a viable replacement system is ready. The final funding of \$1.5 million for the project has been shifted out from fiscal 2026 to 2027, which correlates with the project completion delay.

Appendix 5
Object/Fund Difference Report
Department of Natural Resources

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	1,469.50	1,501.00	1,555.00	54.00	3.6%
02 Contractual	811.30	479.78	367.26	-112.52	-23.5%
Total Positions	2,280.80	1,980.78	1,922.26	-58.52	-3.0%
Objects					
01 Salaries and Wages	\$ 174,547,044	\$ 176,822,660	\$ 206,185,156	\$ 29,362,496	16.6%
02 Technical and Special Fees	16,812,919	19,358,431	15,505,358	-3,853,073	-19.9%
03 Communication	3,499,370	4,168,479	4,174,476	5,997	0.1%
04 Travel	792,104	929,678	1,018,587	88,909	9.6%
06 Fuel and Utilities	6,536,952	7,139,700	7,473,284	333,584	4.7%
07 Motor Vehicles	24,219,537	18,849,003	19,716,499	867,496	4.6%
08 Contractual Services	45,269,552	62,441,991	70,634,912	8,192,921	13.1%
09 Supplies and Materials	9,676,001	13,585,284	12,784,580	-800,704	-5.9%
10 Equipment – Replacement	1,700,465	4,363,790	3,744,469	-619,321	-14.2%
11 Equipment – Additional	6,082,299	4,196,470	3,915,588	-280,882	-6.7%
12 Grants, Subsidies, and Contributions	69,856,558	90,625,217	95,251,053	4,625,836	5.1%
13 Fixed Charges	4,507,763	4,211,411	4,137,047	-74,364	-1.8%
14 Land and Structures	2,040,834	1,456,000	1,781,100	325,100	22.3%
Total Objects	\$ 365,541,398	\$ 408,148,114	\$ 446,322,109	\$ 38,173,995	9.4%
Funds					
01 General Fund	\$ 125,677,873	\$ 119,998,442	\$ 129,328,791	\$ 9,330,349	7.8%
03 Special Fund	189,866,353	222,568,391	244,158,965	21,590,574	9.7%
05 Federal Fund	39,338,175	50,499,666	54,893,265	4,393,599	8.7%
09 Reimbursable Fund	10,658,997	15,081,615	17,941,088	2,859,473	19.0%
Total Funds	\$ 365,541,398	\$ 408,148,114	\$ 446,322,109	\$ 38,173,995	9.4%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 6
Fiscal Summary
Department of Natural Resources

<u>Program/Unit</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Wrk Approp</u>	<u>FY 26</u> <u>Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26</u> <u>% Change</u>
01 Office of the Secretary	\$ 28,580,701	\$ 28,986,177	\$ 41,381,115	\$ 12,394,938	42.8%
02 Forestry Service	22,438,499	22,256,108	21,151,741	-1,104,367	-5.0%
03 Wildlife and Heritage Service	14,957,124	21,831,846	21,775,068	-56,778	-0.3%
04 Maryland Park Service	71,512,083	82,232,458	81,799,284	-433,174	-0.5%
05 Capital Grants and Loan Administration	6,561,479	6,604,109	7,148,325	544,216	8.2%
06 Licensing and Registration Service	3,974,825	4,854,573	5,287,629	433,056	8.9%
07 Natural Resources Police	73,008,467	68,309,301	75,341,102	7,031,801	10.3%
09 Engineering and Construction	8,050,916	14,496,341	14,845,277	348,936	2.4%
10 Chesapeake Bay Critical Area Commission	2,519,051	2,870,741	2,946,705	75,964	2.6%
12 Resource Assessment Service	25,292,408	26,887,211	29,566,770	2,679,559	10.0%
13 Maryland Environmental Trust	1,150,303	1,411,309	1,487,058	75,749	5.4%
14 Watershed Services	72,836,250	94,466,587	104,117,943	9,651,356	10.2%
17 Fisheries Service	34,659,292	32,941,353	39,474,092	6,532,739	19.8%
Total Expenditures	\$ 365,541,398	\$ 408,148,114	\$ 446,322,109	\$ 38,173,995	9.4%
General Fund	\$ 125,677,873	\$ 119,998,442	\$ 129,328,791	\$ 9,330,349	7.8%
Special Fund	189,866,353	222,568,391	244,158,965	21,590,574	9.7%
Federal Fund	39,338,175	50,499,666	54,893,265	4,393,599	8.7%
Total Appropriations	\$ 354,882,401	\$ 393,066,499	\$ 428,381,021	\$ 35,314,522	9.0%
Reimbursable Fund	\$ 10,658,997	\$ 15,081,615	\$ 17,941,088	\$ 2,859,473	19.0%
Total Funds	\$ 365,541,398	\$ 408,148,114	\$ 446,322,109	\$ 38,173,995	9.4%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.