



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Mark Belton, Secretary
Joanne Throwe, Deputy Secretary

**Testimony of the Maryland Department of Natural Resources
House Appropriations Committee – Program Open Space Briefing
January 28, 2016**

Program Open Space and Rural Legacy: DNR’s Land Preservation and Recreation Programs

Program Open Space - Established in 1969, Program Open Space (POS) symbolizes Maryland's long term commitment to conserving our natural resources while providing exceptional outdoor recreation opportunities for our citizens in their communities. Funding typically comes from the collection of a 0.5% State property transfer tax which was designed to directly tie development to available funding for open space and recreational facilities for the public good. POS operates in every county and Baltimore City and most Maryland residents live within 15 minutes of an open space or recreational area funded by POS.

POS Stateside

- Preserves natural areas for public recreation and watershed and wildlife protection across Maryland. Fee simple purchases are managed by DNR as State Parks, Forests, and Wildlife and Fisheries Management Areas.
- There are over \$176 million worth of high quality ecological, recreational, and public access projects in the POS Stateside project pipeline that would add to the public’s estate if funded.
- Over 326,000 acres have been preserved through POS Stateside.

POS Local

- Provides financial and technical assistance to counties and municipalities for the planning, acquisition, and/or development of recreation land or open space areas. POS Local funding is distributed annually to every County and Baltimore City.
- The 23 Counties and Baltimore City have identified needs-based priorities for over \$1.8 billion for the acquisition, development, and rehabilitation of park and recreation facilities.
- Over 46,000 acres have been preserved and over 5,800 projects have been funded through POS Local.

Rural Legacy Program - Established in 1997, the Rural Legacy Program protects working farms and forests through the purchase of conservation easements in 31 locally-designated Rural Legacy Areas across the state.

- Demand for Rural Legacy Program funding from farmers consistently exceeds available funding. The program receives on average over \$100 million in requests annually.
- Conservation easements support Maryland’s resource-based economy and enable access to locally-grown food by conserving agricultural and forested lands to ensure long-term preservation of food production.
- Over 84,000 acres have been permanently protected through Rural Legacy.

Additional Information

POS and land preservation programs provide Direct Economic Benefits to all Marylanders

- **Nationally, outdoor recreation brings: 6.1 million** American jobs, **\$646 billion** in outdoor recreation spending annually, **\$39.9 billion** in federal tax revenue, **\$39.7 billion in state/local tax revenue.**¹
- Maryland State Parks have a **\$650 million** estimated **annual economic benefit to local economies and the State.** State Park visitors directly spent more than **\$567 million**, which supported more than **10,000 full-time jobs** and generated more than **\$39 million** in state and local retail, hotel, gas and income taxes.²
- State Parks and preserved lands in **counties, cities, and towns across Maryland** contain recreational amenities such as trails, greenways, and camping which in turn bring **job growth in construction and maintenance** and provide **tourism-related opportunities.** **These preserved spaces are local economic drivers attracting over 10 million visitors annually who support area retailers.**
- For every **\$1 million** in grant funding for development projects, POS supports **6.4 direct** Maryland-based construction jobs.
- For every land acquisition project, approximately **5% of the purchase price goes to local Maryland businesses** to complete due diligence work including title work, surveys, and appraisals.

Funding for POS and Rural Legacy equals more federal dollars coming to Maryland: A match is needed to leverage federal funds – less POS/Rural Legacy funding means less Federal monies received in Maryland.

DNR has strong partnerships with many different land conservation and recreation organizations including Partners for Open Space, The Conservation Fund (TCF), The Nature Conservancy (TNC), The Trust for Public Land (TPL), the Civil War Trust (CWT), Maryland Recreation and Parks Association (MRPA), the Eastern Shore Land Conservancy (ESLC) and other land trusts, counties and municipalities throughout the State.

Updates Requested by the Committee

Funding – the impact of fiscal 2016 funding decisions to re-prioritize replacement capital funding for these programs in the out-years and the funding outlook for fiscal 2017.

The Governor’s FY 2017 budget as proposed includes legislation to reduce the planned transfers authorized from land preservation and recreation programs to the General Fund in FY 2017 and FY 2018 resulting in *Program Open Space and other land preservation programs retaining an additional \$60 million in transfer tax revenues over the next two fiscal years.* The legislation will reduce the previously authorized transfer amounts in FY 2017 and FY 2018 by \$20 million and \$40 million respectively resulting in the restoration of the following funding amounts for DNR:

- **Program Open Space Stateside - \$3.142 million**
 - **Baltimore City Direct Grant: Eager Park - \$4.000 million**
 - **Program Open Space Local - \$16.000 million**
 - **Rural Legacy Program - \$13.862 million**
- The impact of the FY 2016 funding decisions to re-prioritize replacement capital funding for DNR’s Program Open Space and Rural Legacy Program is reduced based on the Governor’s FY 2017 budget as proposed which retains additional funding for the land preservation and recreation programs. As a result of reducing

¹ “The Outdoor Recreation Economy” economic analysis for the Outdoor Industry Association.

² 2010 Maryland State Parks Economic Impact and Visitor Study

<http://www.visitmaryland.org/AboutMDTourism/Pages/TourismNewsAndReports.aspx>

the planned transfers from the programs in FY 2017 and FY 2018, more transfer tax revenue is now available for land conservation and recreation programs as a result of Governor Hogan's FY 2016 funding decisions.

The Governor's FY 2017 Capital Improvement Program returns the State's land conservation and recreation programs funded through the dedicated transfer tax allocation formula to full cash funding in FY 2019.

Federal Government – the impact of the federal government's Chesapeake Bay restoration efforts on State land conservation programs.

Maryland is a signatory to the 2014 Chesapeake Bay Agreement which includes 10 goals and 31 measurable, time-bound outcomes that will help create a healthy watershed. Agreement signatories include the Governors of each state in the watershed, the Mayor of the District of Columbia, the chair of the Chesapeake Bay Commission, and the Administrator of the U.S. Environmental Protection Agency (EPA). The Chesapeake Bay Watershed Agreement integrates the Chesapeake Bay restoration efforts of all signatories, including the federal government.

Maryland's land preservation programs participate in and leverage federal program dollars to support efforts on the national level including the Captain John Smith National Historic Trail – integral to showcasing the Chesapeake Bay, as well as the Rivers of the Chesapeake initiative. This initiative in Maryland focuses on strategic land conservation using federal dollars along the Susquehanna, Nanticoke, and Middle Potomac Rivers.

Additionally, DNR pursues federal grant funds for acquisition projects to work towards achieving the goals included in the Chesapeake Bay Agreement and other State land conservation goals. These include (but are not limited to):

- Land and Water Conservation Fund (National Park Service) – provides cost-share funding to state agencies for the acquisition, development and planning of outdoor recreation opportunities.
- National Coastal Wetlands Conservation Grant Program (U.S. Fish and Wildlife Service) – provides matching grants to States for acquisition, restoration, management or enhancement of coastal wetlands.
- Regional Conservation Partnership Program (RCP) – promotes coordination between USDA's Natural Resource Conservation Service (NRCS) and its partners to deliver conservation assistance through conservation easements.
- Department of Defense's Readiness and Environmental Protection Integration (REPI) Program through an Encroachment Protection Agreement. This Agreement also partners with The Nature Conservancy, The Conservation Fund, and The Trust for Public Land. The program seeks to protect lands adjacent to and near naval bases to serve as buffers to their operations and is a key initiative in maintaining the viability of naval facilities. POS and Rural Legacy funds are used as a match.

Since FY 2010, POS Stateside has leveraged \$9.4 million in federal funds, POS Local has leveraged \$9.9 million in federal funds, and Rural Legacy has leveraged \$4.4 million in federal funding.

Chesapeake Bay Watershed Agreement – the status of meeting Maryland's portion of the commitment under the June 16, 2014 Chesapeake Bay Watershed Agreement by 2025 to help protect an additional two million acres throughout the Chesapeake Bay watershed, including 225,000 acres of wetlands and 695,000 acres of forestland, and to add 300 new Chesapeake Bay public access sites for boating, swimming, and fishing.

The land conservation goal is to conserve landscapes in order to maintain water quality and habitat; sustain working forests, farms and maritime communities; and conserve lands of cultural, indigenous and community value. The protected lands outcome is to protect an additional two million acres throughout the watershed by

2025. The baseline year for the goal is 2010. The Bay Program calculates protected lands data every two years; the last figures were calculated in 2013. From 2010 – 2013, 570,000 acres were protected throughout the watershed, which is 29% of the goal and on track to meet the preservation goal by 2025. The data for 2014-2015 will be collected by the Bay Program and shared with partners and the public in the summer of 2016. While State programs continue to preserve land, they are only one part of the effort to meet the land preservation goal. The updated data released next summer will include land preserved by other government and non-profit partners and will be used by the Bay Program to determine if the signatories are still on track to meet the protected lands outcome.

The land conservation goal was not broken down by jurisdiction given the nature of real estate transactions and the multiple entities involved. From FY 2011 – FY 2015, DNR land preservation programs alone have protected an average of over 9,300 acres/year in the watershed (additional acres were protected outside of the watershed). DNR continues to protect land through POS Stateside, POS Local, the CREP permanent easement program, Rural Legacy, MET easements, and other programs such as Forest Legacy as funding allows to meet the State's commitment to the Bay Agreement and to meet State goals for land preservation and recreation programs. Additional lands are protected by other State programs and other government and non-profit partners.

Maryland is firmly committed to the Chesapeake Bay Agreement's Public Access Goal. In 2014, two new water access sites were opened and we project that approximately two to three more sites will be added each year. DNR staff has been active in developing the management strategy for this goal and are currently working on the implementation plan.

2015 Session Committee Narrative – the report requested by the budget committees due December 1, 2015, on the evaluation of the State's land preservation and easement acquisition programs and all capital and operating programs funded with the State transfer tax as follows: the roles the programs play relative to each other and current statute, the funding each receives through the transfer tax formula, the pros and cons of combining some or all of the land preservation and easement acquisition programs, the possible expansion of State and local revenue generating opportunities from multi-use State working lands, and issues specific to particular programs.

The Report on the Fiscal 2016 State Operating Budget (HB 70) and the State Capital Budget (HB 71) and Related Recommendations by the Chairmen of the Senate Budget and Taxation Committee and House Appropriations Committee (otherwise known as the Joint Chairmen's Report, or JCR) included language requesting "an evaluation of the State's land preservation and easement acquisition programs and all capital and operating programs funded with the State transfer tax." The evaluation was conducted by the Executive Branch agencies including the Department of Natural Resources (DNR), the Maryland Department of Agriculture (MDA), the Maryland Department of Planning (MDP), and the Department of Budget and Management (DBM); as well as workgroup participants including representatives from county parks and recreation departments and other interested stakeholders including the Maryland Association of County Park and Recreation Administrators, the General Assembly, the Chesapeake Conservancy, the American Farmland Trust, the Chesapeake Bay Commission, the Maryland Farm Bureau, Partners for Open Space, the Maryland Municipal League, The Conservation Fund, and Baltimore City Recreation and Parks. A final report was submitted to the Joint Chairmen on December 1, 2015.

Notwithstanding the diversity of issues addressed and differing priorities among interests represented on the workgroup, the group wholly agreed on three major recommendations:

- Restore full funding of Maryland's land preservation programs with transfer tax cash revenue at the earliest possible opportunity.

- Make no changes to the transfer tax allocation formula in statute.
- Amend the statute to give the local governments more flexibility in spending POS-Local funds on the acquisition and development projects that best meet their recreation and open space needs.

2016 Session Legislation – an update on potential legislation for the 2016 legislative session.

DNR is not planning to submit any legislation related to land preservation during the 2016 legislative session. Land conservation in Maryland is second to none in the nation, and it will be DNR's goal to continue these nationally renown programs that target the best ecologically significant and agriculturally productive lands across the State. It continues to be as important as ever to recognize the value in funding land conservation to preserve open spaces and recreational opportunities for future generations. We will continue to make the wisest use of funding by continuing to target the most desirable lands for preservation using targeting systems. To the extent that you are able to help us maintain funding for these important land conservation and recreation initiatives for Maryland's citizens, we respectfully request your help in doing so.