

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

Prepared by:
The Environmental Finance Center
University of Maryland

January 3, 2017





Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mark J. Belton, Secretary
Mark L. Hoffman, Acting Deputy Secretary

February 27, 2017

The Honorable Larry Hogan
Governor
State House
Annapolis, MD 21401

The Honorable Thomas V. Miller, Jr.
President, The Senate of Maryland
State House, H-107
Annapolis, MD 21401

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, MD 21401

Re: Submission of Report on the Effect of the Limitation on the Vessel Excise Tax

Agency: Maryland Department of Natural Resources

Report Authority: § 3 of 2013 Chapter 180, SB 90 (MSAR #9815)

Dear Governor Hogan, President Miller and Speaker Busch:

Enclosed is the annual report required by Senate Bill 90 of 2013 that describes the effect of the limitation on the vessel excise tax (VET) enacted by the bill. This report was prepared by the Environmental Finance Center at the University of Maryland under contract to the Boating Service Unit at DNR.

The conclusions of the FY15 report indicate Maryland vessel registrations and VET revenue continue to increase. Additionally,

- In FY15 there were 24,090 new registrations. It represented an increase over the previous year's levels.
- Registrations by out of state residents continue to be an important source of VET revenue. In FY15, Maryland received \$4.4 million in tax from new registrations by out of state residents, which accounted for roughly ¼ or 25% of the fiscal year's revenue.
- VET revenue was \$16.2 million, which was 12% higher than the previous fiscal year and the largest VET collection since FY08.
- In FY15, new registrations of vessels valued in excess of \$300,000 paid roughly \$2.1 million in tax. This category of registrations increased by 12% from 132 registrations in FY14 to 149 registrations in FY15.

The Honorable Larry Hogan
The Honorable Thomas V. Miller, Jr.
The Honorable Michael E. Busch
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Both Maryland's boating registrations and VET revenue have surpassed FY08 levels. In the last three years, VET revenue growth has outpaced the growth in new registrations (relative to FY08 benchmark). As the population of boaters in Maryland change, the types of amenities, services and infrastructure that they demand will also evolve. Maintaining Maryland's competitive advantage as a boating destination will require an understanding of how to meet the changing demands of the boating community.

Should you have any questions or comments regarding this report, please feel free to contact DNR's Legislative Director, Allison Cordell, directly at 410-260-8112, or by email at Allison.cordell@maryland.gov.

Sincerely,

A handwritten signature in cursive script that reads "Mark J. Belton". The signature is written in dark ink and is positioned above the printed name and title.

Mark J. Belton
Secretary

Enclosure

cc: Sarah Albert, Department of Legislative Services Library (5 copies)
Lynne Porter, Legislative Policy Committee

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INTRODUCTION

At the request of the Maryland Department of Natural Resources (DNR), the Environmental Finance Center (EFC) at University of Maryland undertook an analysis of the Vessel Excise Tax (VET) and its impact through the Waterways Improvement Fund (WIF). The VET is an important funding stream for maintaining and enhancing Maryland's waterways. Since 2007, the VET has served as the primary source of revenue for the Waterways Improvement Fund (WIF).

Administered by DNR, the WIF is dedicated to financing projects that promote, develop and maintain waterways for the benefit of the general boating public through infrastructure and access improvements and promoting awareness among commercial and recreational waterway users. Example of funded works include: marking channels and harbors; clearing debris and obstructions from navigable waters; dredging; constructing, maintaining, and renovating new and existing marine facilities for public use such as boat ramps, piers and parking; and public works to support water quality improvements, such as marine sewage pump-out stations and shoreline erosion control projects.

This report has two main sections. The first section details the trends of VET revenue over time. It focuses on updating information for FY15, describing how the level and value of new registrations relate to VET collections. The second section provides a snapshot of how the State supports boating resources and activities through WIF grants.

VESSEL EXCISE TAX –FISCAL ANALYSIS

The VET applies to all vessels that are principally used in Maryland's waters. It is set at 5% and calculated based on the vessel's net purchase price or fair market value. The VET is a one-time charge that is applied at the time of the vessel's registration.

While this excise has been in place for several decades, it is only the last few years that Maryland limited the tax. Maryland first introduced an excise cap in July 2013, setting it at \$15,000. The cap was temporary and affected vessels with a purchase price greater than \$300,000. Effective July 2016, Maryland made the cap permanent. At that time, the State raised the VET limit to \$15,100 (affecting vessels valued higher than \$302,000). It also introduced a minimum VET of \$5.¹

Overtime, VET revenues capitalizing the WIF have fluctuated with changes in the number and value of vessels registered for principal use in Maryland waters. This report focuses on VET revenue for FY15, detailing the following:

- Boating registration level;
- VET revenue collection;
- Vessel values as it relates to VET revenue; and,
- Share of registrations impacted by the recently introduced VET floor and ceiling.

The analysis uses data provided by the Maryland DNR. Based on the date of a vessel being titled, the data spans July 1, 2000 to June 30, 2016 (ie, FY00 to FY15). Key variables in the data include the vessel owner's state of residence, net purchase price of the registered vessel, and the excise paid by the registrant.

Overview of New Registrations and VET Revenue

DNR's boating registration records date back several decades. Figure 1 plots new registrations and VET revenue from FY00 to FY15, illustrating that new registrations and VET revenue have not closely track together. It suggests that registrations and VET revenue may respond to different drivers.

Generally, new vessel registrations have been trending downwards. From FY00 to FY05, Maryland registered over 30,000 vessels each year; however, between FY06 and FY08, new registrations fell to below 25,000. The level new registrations appear to have stabilized – and possibly reversed its trend to start growing post 2008 recession. Annual registrations fluctuated between 23,000 and 24,000 per year; however, the last three years show year-over-year growth. Since FY12, new registrations have been rising modestly (on average by 2% annually). In the most recent fiscal year (FY15), new registrations were 24,100.

¹ Source: <http://dnr2.maryland.gov/boating/Pages/registration.aspx>.

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

Similar to registrations, VET revenue has fluctuated through time. In FY00, VET revenue was \$18.6 million. By FY08, VET revenue was down 32% from FY00, and unlike registrations, VET revenue continued to steadily fall following the 2008 recession. VET revenue did not recover until FY13, when it surpassed FY08 levels. In FY08, VET revenue totaled \$12.6 million; in FY13, VET revenue had increased to \$13.7 million. DNR data indicates that annual VET revenue continues to increase. In FY15, VET revenue was \$14.5 million; in FY16, it was \$16.2 million.

Figure 2 shows changes in registration and VET revenue relative to FY08 levels. The analysis uses FY08 as a benchmark to gauge the extent to which boating registrations and VET revenue are recovering from the recession. The figure highlights that only recently have both new registrations and VET revenue gained ground. The figure also shows that VET revenue growth is much stronger relative to new registrations. In FY15, VET revenue was almost 30% larger than FY08 VET collections. In contrast, new registrations in FY15 were only 3% higher than FY08 registrations.

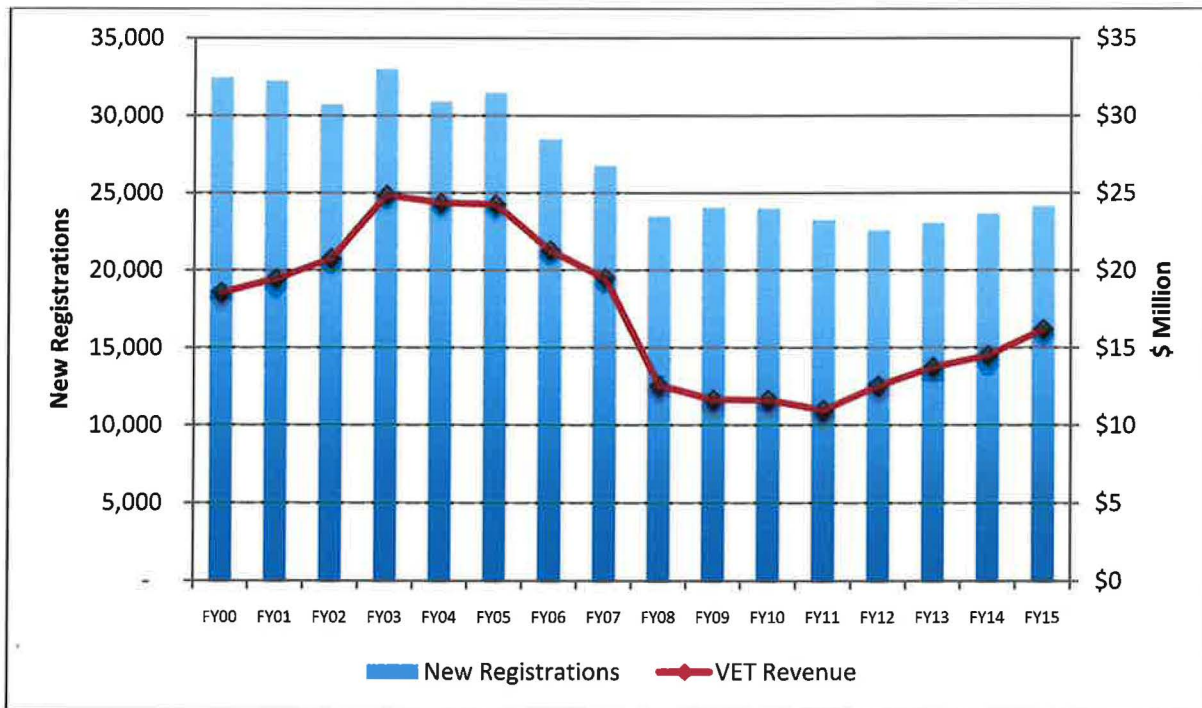


Figure 1: Annual Registration and VET Revenue: FY00-FY15.

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

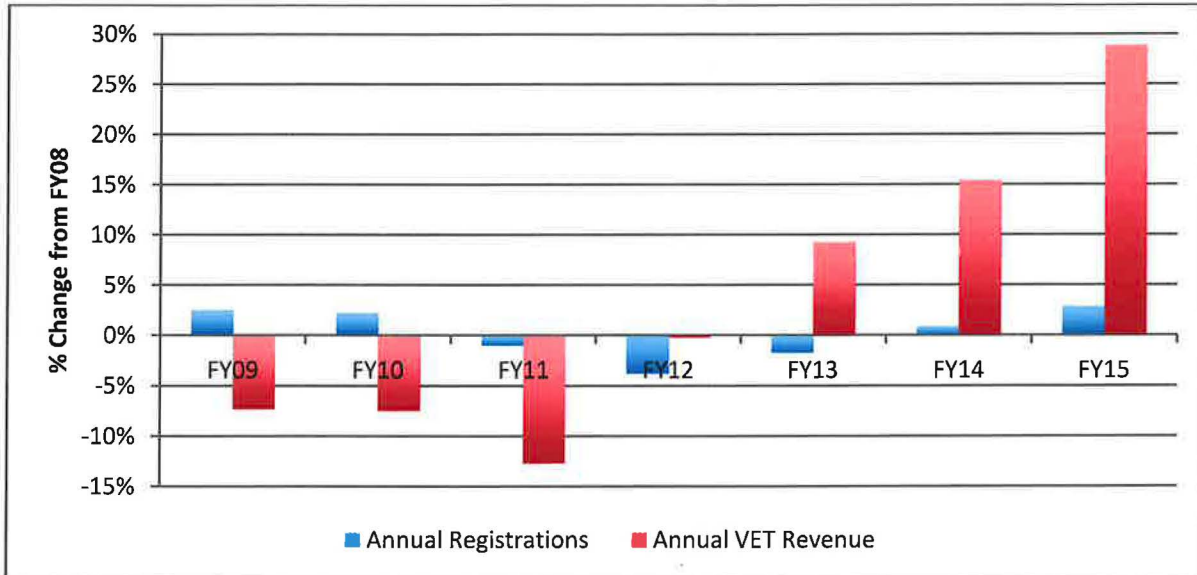


Figure 2: Change in Registrations and VET Revenue from FY08 Levels: FY09-FY15

Trends in the Composition of Vessels and VET Revenue

Drivers of boating registrations are complex, as is the relationship between registrations and VET revenue. Annual registrations and VET revenues respond to related but different factors. For example, new registrations could increase as Maryland's waters become more attractive and accessible among existing vessel owners. Alternatively, the growing popularity of boating among the general population should also impact the number of new registrations by driving up boat purchases. In other words, Annual registrations from year to year will change based on the propensity of individuals to purchase a vessel as well as where they choose to boat. VET revenues will reflect these factors and how much individuals are willing to spend on their vessel purchase. While this study does not have information on shifts in boating preferences and popularity, this section examines the composition of new registrations to gain insight into its relationship to VET revenue. Specifically, it considers two aspects of registration patterns: the purchase price of registered vessels and the role of out-of-state residents.

Purchase Price of New Registrations

The average net purchase price of newly registered vessels has averaged year-over-year growth of 5% since FY08. Figure 3 presents the average net purchase price from FY08 to FY15. From FY08 to FY15, the average increased from \$11,800 to \$16,300. The table also shows the range in values around the average, reflecting the 10th, 50th, and 90th percentiles. For example, in FY15, while the average net purchase price was \$16,300, 10% of these new registrations reported net purchase prices below \$50; 50% of new registrations had net purchase price of \$1,500; and, 90% of the registrations had a purchase price less than \$36,500. The 100th percentile reflects the highest net purchase price reported. For FY15, the highest-valued registration was almost \$3.37 million.

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

Figure 3: Net Purchase Price of New Vessel Registrations: FY09-FY15

Fiscal Year	Net Purchase Price					Number of New Registrations
	Average	10 th percentile	50 th percentile	90 th percentile	100 th percentile	
FY08/09	\$11,797	\$100	\$1,183	\$25,000	\$2,444,369	23,445
FY09/10	\$10,749	\$100	\$1,000	\$24,600	\$1,540,000	24,027
FY10/11	\$10,866	\$100	\$1,000	\$24,900	\$773,590	23,961
FY11/12	\$10,445	\$100	\$1,104	\$24,295	\$775,000	23,218
FY12/13	\$12,292	\$100	\$1,450	\$29,464	\$1,615,396	22,558
FY13/14	\$14,352	\$100	\$1,500	\$31,000	\$1,950,354	23,040
FY14/15	\$15,097	\$100	\$1,500	\$33,000	\$3,351,857	23,641
FY15/16	\$16,296	\$50	\$1,500	\$36,500	\$3,368,127	24,090

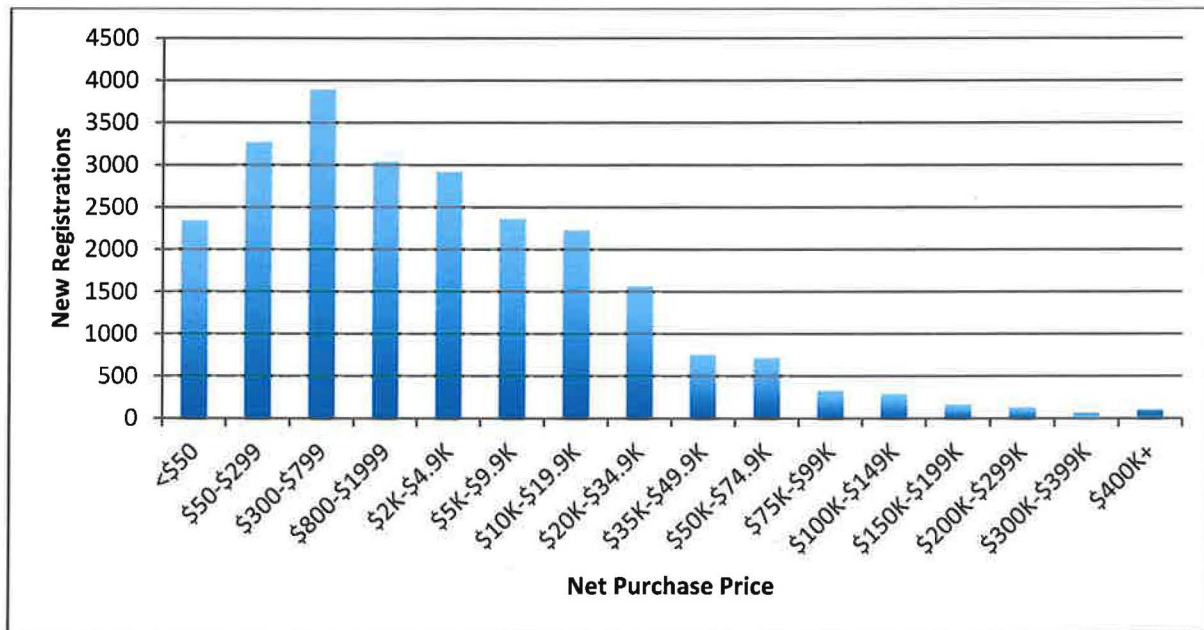


Figure 4. New Registrations by Net Purchase Price: FY15

Figure 4 graphs the distribution of new registrations in FY15 by net purchase price, illustrating its wide price range. Out of over 24,000 new registrations, around 9,500 had a net purchase price of less than \$800 and almost 100 had a net purchase greater than \$400,000.

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VET Revenue by Vessel Purchase Price

The distribution of registrations by net purchase price helps explain why a small portion of new registrations generates the lion share of VET revenue. Almost half of the VET revenue is collected from vessels with a net purchase price of \$75,000 or greater, despite these vessels accounting for 3 to 5% of total registrations. This relationship holds across several years as illustrated by the figures below. Figure 5 displays VET revenue and new registrations by net purchase price for FY08; Figure 6 illustrates the same data but for FY15.

FY08 had 23,445 new registrations, paying \$12.56 million in taxes. One-quarter of the registrations involved vessels with a net purchase price that was less than \$300. Collectively, these registrations generated \$25,000 in VET revenue. At the upper end, 85 vessels registered that fiscal year had reported net purchase prices of \$300,000 or greater. This 0.4% of registrations generated \$1.9 million in tax revenue (ie, accounting for 15% of the year's total VET collections).

FY15 levels are higher. The relative contributions to registration and revenue by the lowest and highest valued vessels are similar to FY08 patterns. FY15 had 24,090 new registrations, paying \$16.18 million in VET. Vessels with a net purchase price below \$300 represented 24% of all registrations and generated 1.3% of VET revenue (\$165,000). Vessels registered with a net purchase price of \$300,000 or greater in FY15 accounted for 0.6% of registrations. This share was roughly on par with FY08, but the actual number of registrations was higher in FY15 (149 new registrations). These high-valued vessels generated nearly \$2.1 million in tax revenue or 13% share of total VET collections.

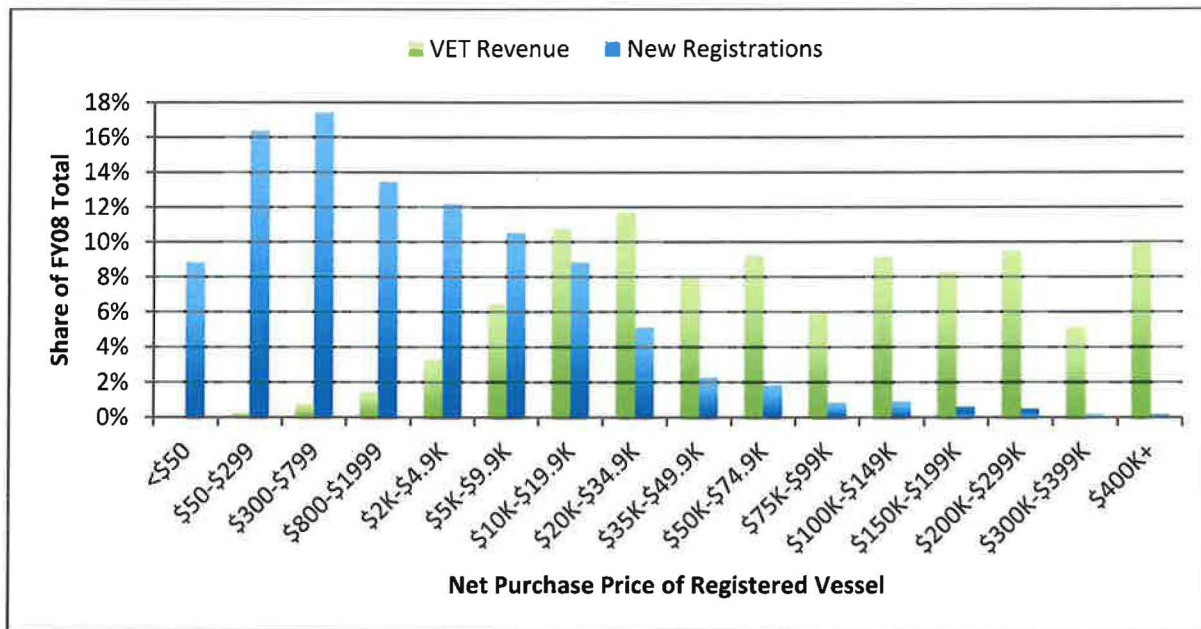


Figure 5: Distribution of VET Revenue and New Registrations by Net Purchase Price: FY08

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

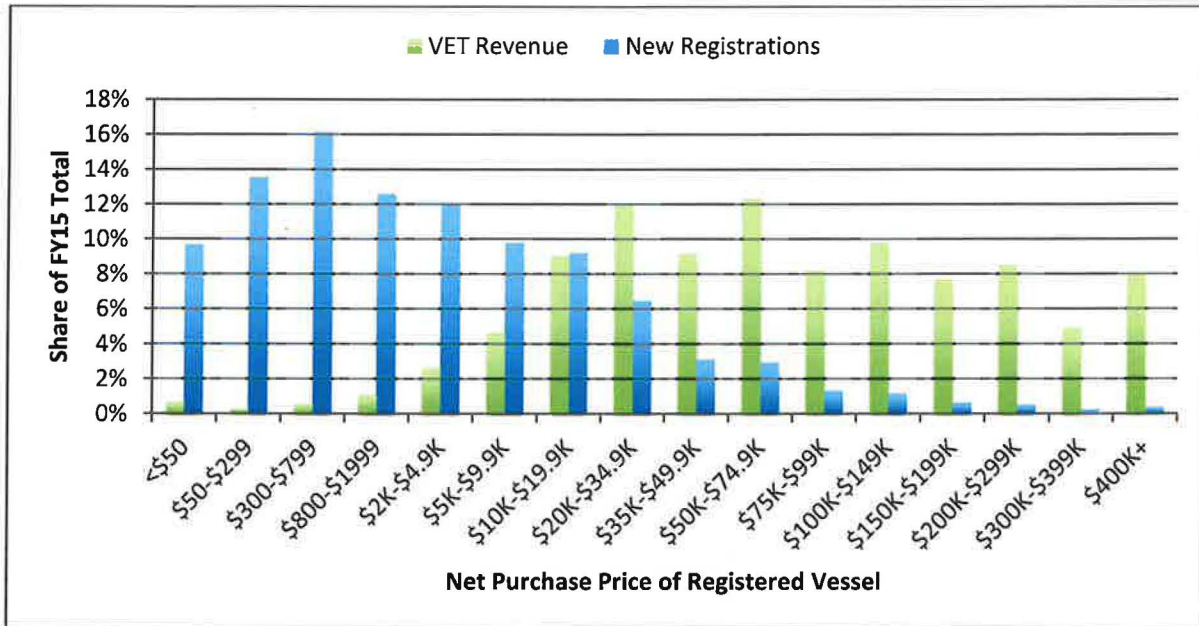


Figure 6: Distribution of VET Revenue and New Registrations by Net Purchase Price: FY15

Out of State Residents with Vessels Registered in Maryland

Maryland’s waters attract residents from nearly every state in the United States. This group of vessel owners plays an important role in both the total number of new registrations and VET revenue for Maryland. Each year, out-of-state residents represent around 15% of all new registrations, while accounting for one-quarter of VET revenues.

The mix of states represented by owners of registered vessels has not changed much since FY08. Figure 7 illustrates the distribution of new registrations in FY15 by the state of residence for vessel owners. 86% of the new registrations came from Maryland residents. Of the remaining share, Pennsylvania residents represent 5% of new registrations, followed by Virginia residents (3% of new registrations), and Delaware residents (1%). Other Atlantic jurisdictions, such as New Jersey, the District of Columbia, and Florida, each account for less than 1% of new registrations annually.

Maryland’s waters appear to attract out of state owners of high-valued vessels. Figure 8 summarizes average net purchase price of registered vessels for selected states in FY15. The average price of a vessel registered by a Maryland resident was \$10,600. The average net purchase price for vessels registered by residents in the surrounding mid-Atlantic states was twice that of Maryland. For example, the average of Pennsylvania residents was \$28,100. The averages for Virginia (\$33,350) and New Jersey (\$40,900) were even higher.

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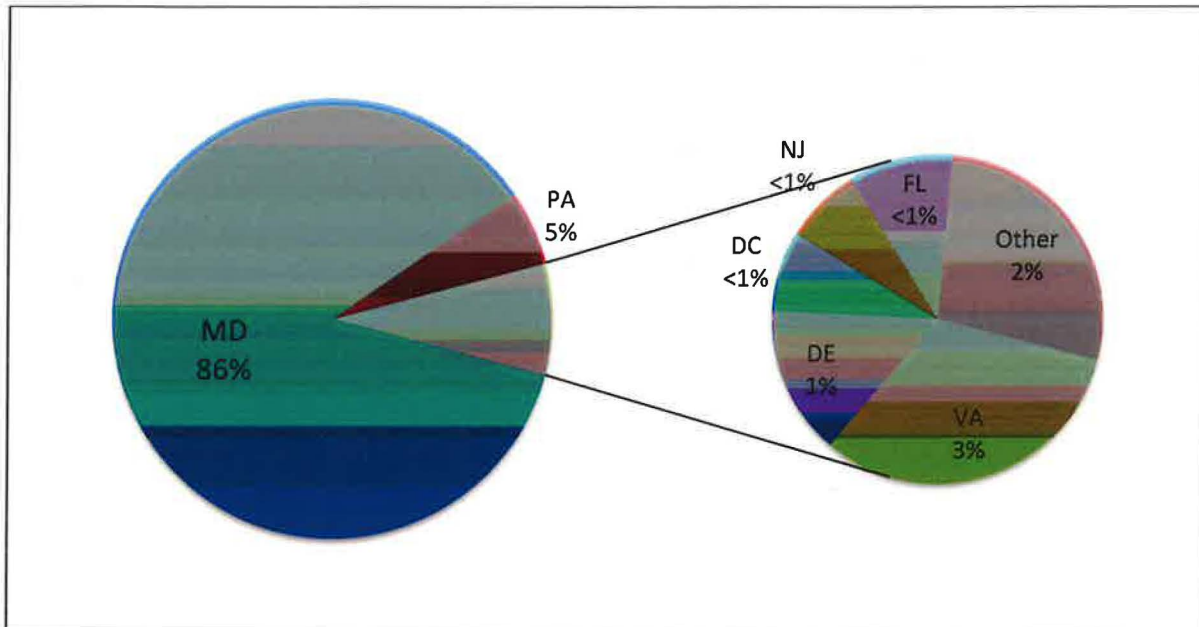


Figure 7: Owner Residence of New Vessel Registrations: FY15

Table 8. Comparison of Registrations, Vessel Price and VET Revenue for Selected States: FY15

State of Residence	New Registrations	Ave. Net Purchase Price	Share of VET Revenue
Delaware	289	\$23,740	2%
District of Columbia	157	\$24,360	1.2%
Florida	204	\$23,600	1.4%
New Jersey	147	\$40,900	1.4%
Pennsylvania	1319	\$28,090	12%
Virginia	635	\$33,350	6%
<i>Maryland</i>	<i>20,791</i>	<i>\$10,640</i>	<i>73%</i>

The higher vessel values help to explain why registrations by out-of-state residents account for a sizable share of VET revenue. Figure 9 reports VET revenue by state for FY15. The two states with the largest contributions to VET revenue in FY15 were Pennsylvania and Virginia. Pennsylvania residents registering their vessel in Maryland paid just under \$2 million in tax, accounting for 12% of VET collections. Virginia residents paid just over \$1 million or 6% of VET revenue.

VESSEL EXCISE TAX AND IMPACTS THROUGH THE WATERWAYS IMPROVEMENT FUND

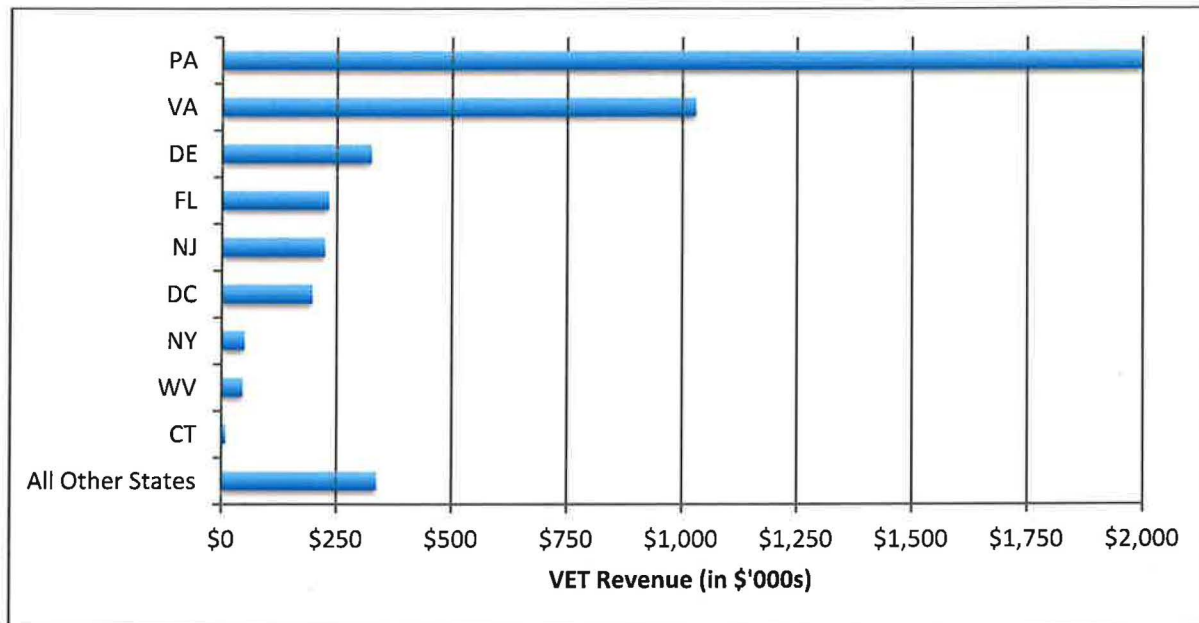


Figure 9. VET Revenue Paid by Out of State Residents: FY15

Out of state residents choosing to register their vessels in Maryland contribute to the economy in two ways. Residents from nearby states are registering higher-valued vessels – on average two to three times that of Maryland residents. This VET revenue stream contributes to Maryland’s boating infrastructure. Second, new registrations also translate into local spending. Each registration by an out of state resident likely adds to the economy through boating trip expenditures that support local food and hospitality businesses, marinas, retailers, etc. Boat owners are estimated to take between 24 and 27 trips annually². Associated spending for boating is on average of \$1500 per year.³ New registrations by out of state residents should have even higher spending averages given travel and the value of their vessels. Their travel to Maryland combined with higher-priced vessels suggests that out of state residents have a strong willingness to pay for boating in Maryland. A better understanding the amenities that attract them to the State could help inform how to maintain and grow the Maryland’s competitive advantage over other states.

Potential Implications of VET Minimum and Maximum

The VET is calculated based on the net purchase price of a vessel. Although the VET is set at 5%, Maryland recently introduced a VET floor and ceiling. The minimum tax is \$5 and the maximum tax is \$15,100. They impact vessels valued less than \$100 and greater than \$302,000.

² Environmental Finance Center, 2015. *Boating Registration Analysis*. Prepared for Maryland Department of Natural Resources. July 26, 2015.

³ Sea Plan, 2013. 2012: Northeast Recreational Boater Survey: A Socioeconomic and Spatial Characterization of Recreational Boating in Coastal and Ocean Waters of the Northeast United States. Technical Report.

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The impact of these changes will not be reflected in registrations until FY16. However, the following applies these limits to historical data to illustrate their potential impact. Figure 10 reports on key aspects of vessels registered since FY08 with a net purchase price of \$302,000 or greater. In any given fiscal year since FY08, a cap of \$15,100 would have affected less than 1% of registrations or between 50 and 145 registrations.

Figure 10: New Registrations with Net Purchase Price of \$302,000 or Greater: FY08-FY15

Fiscal Year	Number of Registrations	Share of Annual Registrations	Average Net Purchase Price	Average VET Paid
FY08	84	0.4%	\$491,600	\$22,700
FY09	68	0.3%	\$418,700	\$17,300
FY10	72	0.3%	\$416,200	\$18,100
FY11	50	0.2%	\$405,100	\$18,400
FY12	71	0.3%	\$507,500	\$23,200
FY13*	114	0.5%	\$582,200	\$14,100
FY14*	128	0.5%	\$648,500	\$12,900
FY15*	145	0.6%	\$651,800	\$14,000

*An excise cap of \$15,000 was in effect, impacting vessels valued greater than \$300,000.

Table 11 looks at vessel registrations since FY08 that have a net purchase price of \$100 or less. These registrations represent the portion of that would have been affected by the VET minimum had it been in effect. Based on historical levels, the minimum VET of \$5 would impact around 2000 registrations per fiscal year, raising approximately \$10,000 in revenue.

Figure 11: New Registrations with Net Purchase Price of \$100 or Less: FY08-FY15

Fiscal Year	Number of Registrations	Share of Annual Registrations	Average Net Purchase Price
FY08	2231	10%	\$5.20
FY09	2249	9%	\$4.40
FY10	2232	9%	\$4.50
FY11	1967	8%	\$5.20
FY12	1908	8%	\$3.60
FY13	1952	9%	\$4.00
FY14	2069	9%	\$3.40
FY15	2435	10%	\$3.20

WATERWAYS IMPROVEMENT FUND

The Maryland Waterway Improvement Fund (WIF) supports the development, use, and enjoyment of state waters for the benefit of the general boating public. Derived from the one-time 5% vessel excise tax paid when a boat is purchased and titled in Maryland, the Fund provides grants and loans to local governments as well as state and federal agencies to support a range of projects, such as dredging channels and harbors, constructing marine facilities, and installing pump-out stations. Since its inception in 1966, the Fund has invested \$300 million in more than 4,500 projects statewide.

WIF Investments

WIF funding has fluctuated through time. In 2008 and 2009, WIF funded over \$20 million in projects throughout the State. Since then, WIF funding has been substantially lower, ranging between \$1.5 million and \$8 million per annum.

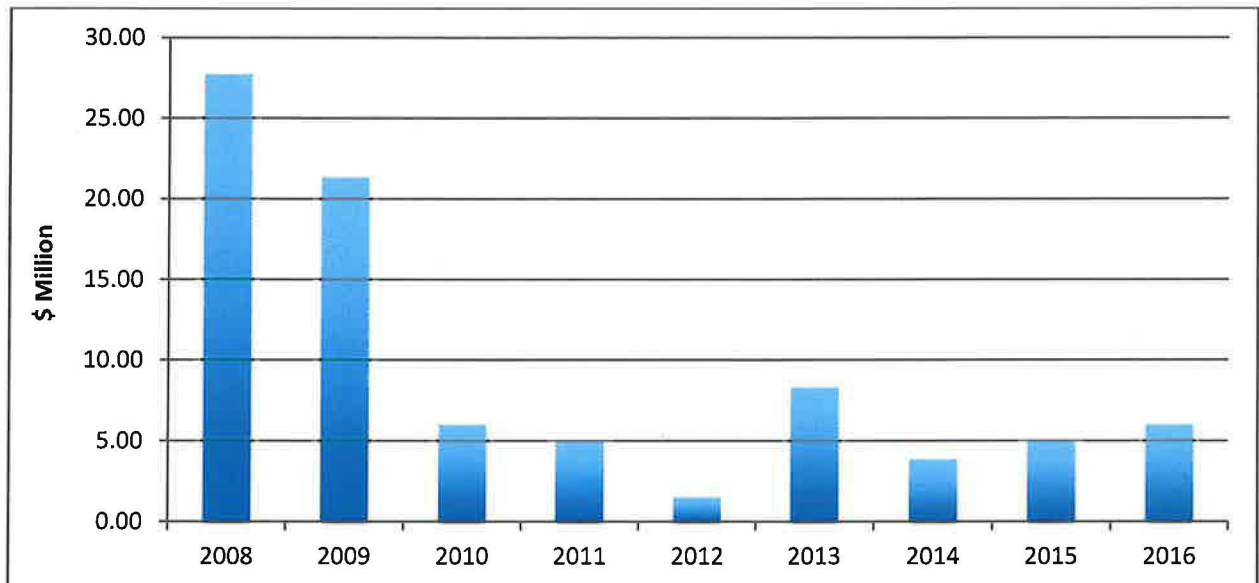


Figure 12: Annual WIF Funding for Projects: 2008 to 2016.

WIF-supported projects can be found in 24 counties throughout the state, as well as in National Parks. The chart below compares the distribution of projects to the distribution of funding across the state with the aggregate number of projects and funding reflecting 2008 to 2016. Over time, the distribution of WIF projects and funding across the state are roughly similar. Three regions - Baltimore, the Lower Eastern Shore and the Upper Eastern Shore – have received the majority of funding and projects. Since 2008, these areas received around \$56 million funding for just under 400 projects. Additionally, these regions are among the most heavily populated.

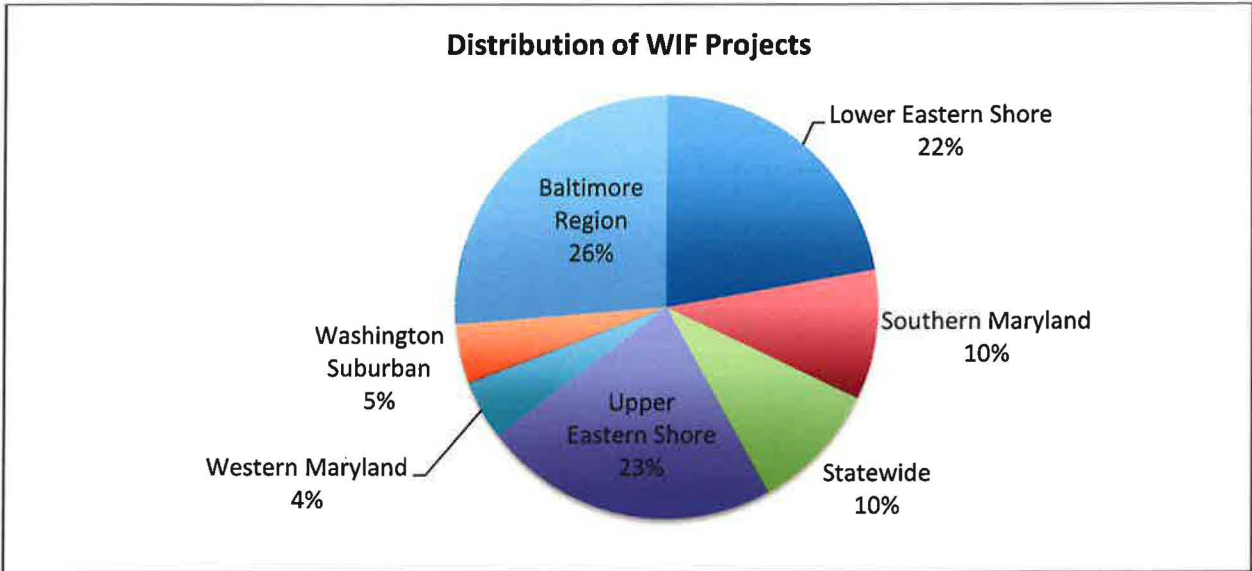


Figure 13: Distribution of WIF Projects: 2008 to 2016. Total number of projects is 555

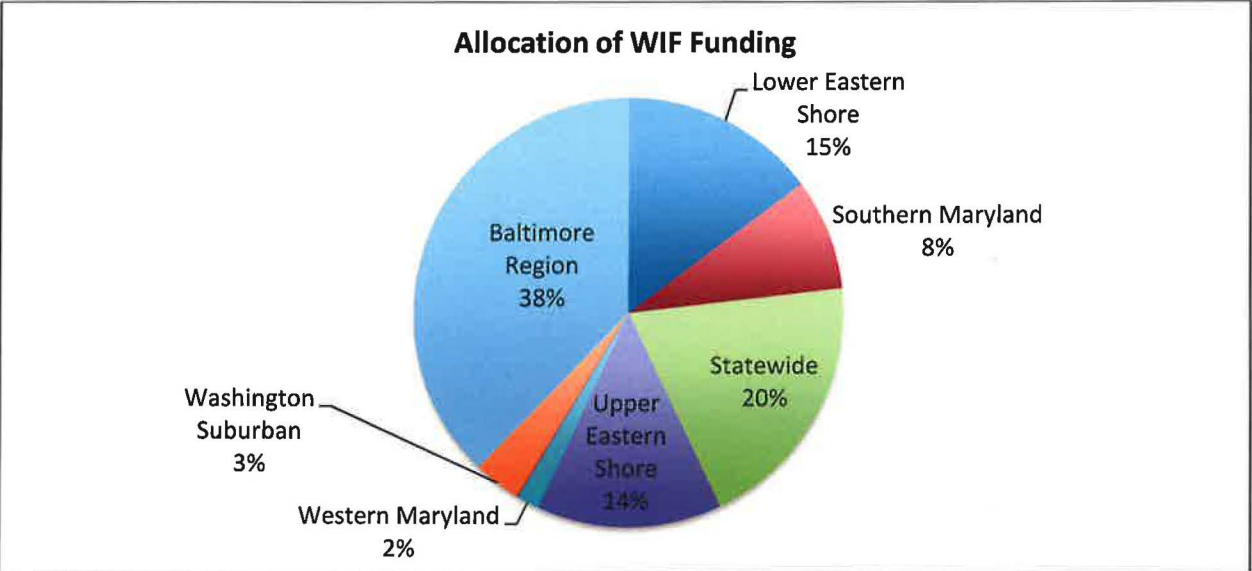


Figure 14: Distribution of WIF Funding: 2008 to 2016. Total funding of projects is \$84.6 million

WIF Project

WIF grants have a wide range of funding levels but average around \$150,000. Funded projects fall into five broad categories.

- *Shoreline Projects.* Improving public water access for boaters is a hallmark of the Waterway Improvement Fund. This category focuses on building or repairing infrastructure, including physical facilities related to vehicles or boats (including fuel stations and sewage pump-outs), and projects that stabilize shorelines, and build or rebuild bulkheads or boat ramps.
- *Boating Services.* These projects support services (except for sewage pump-out and marine fuel), comfort stations, or restrooms.
- *Safety and Rescue.* Investing in fire safety and rescue equipment is a key way that the Waterway Improvement Fund benefits boaters. These funded projects support the purchase of fire, rescue, or other emergency equipment, or projects that support the Natural Resources Police.
- *Sustainability.* Project in this category mitigate the environmental impacts of marine activities, including monitoring of submerged aquatic vegetation, living shoreline projects, green energy projects.
- *Dredging.* Dredging is a key focus of the Waterway Improvement Fund. These projects include the preparation or maintenance of dredge material placement sites, and the engineering or planning of dredging projects. They aim to protect and enhance the navigability of Maryland's channels and harbors.

Case studies highlighting projects funded through WIF are found in the appendix.

CONCLUSION

In FY15, Maryland saw vessel registrations and VET revenue continue to increase.

- New registrations in FY15 were 24,090. It represented a slight increase over the previous year's levels.
- VET revenue was \$16.2 million, which was 12% higher than the previous fiscal year and the largest VET collection since FY08.
- In FY15, new registrations of vessels valued in excess of \$300,000 paid roughly \$2.1 million in tax. This category of registrations increased by 12% from 132 registrations in FY14 to 149 in FY15.
- Registrations by out of state residents continue to be an important source of VET revenue. In FY15, Maryland received \$4.4 million in tax from new registrations by out of state residents, which accounted for roughly one-quarter of the fiscal year's revenue.

These findings suggest more is needed to understand how to promote continued recovery of recreational boating in Maryland from the 2008 recession. Both Maryland's boating registrations and VET revenue have surpassed FY08 levels; and in the last three years show VET revenue growth has outpaced the growth in new registrations (relative to FY08 benchmark). This potentially emerging trend suggests that VET revenues are increasing mainly due to the value of registered vessels rather than the number of new registrations. As the population of boaters in Maryland change, the types of amenities, services and infrastructure that they demand will also evolve. Maintaining Maryland's competitive advantage as a destination for boating will require understanding how to meet the changing demands of the boating community.

At the same time, VET revenue is a vital source of money for the Waterways Improvement Fund. Since 2008, WIF has supported over 550 projects throughout the state to protect and enhance the quality of infrastructure and services supporting boating. These projects include dredging, boat ramp enhancements and rescue services for the public's benefit. Individual grants have ranged from as little as \$2,900 to as high as \$2.8 million, but average around \$150,000.

APPENDIX: WIF CASE STUDIES

- **Building Boat Ramps**
- **Improving Piers & Marinas**
- **Dredging Channels & Stabilizing Shorelines**
- **Investing in Marine Fire Safety**



BUILDING BOAT RAMPS

Success Stories from Maryland's Waterway Improvement Fund

The Maryland Waterway Improvement Fund supports the development, use, and enjoyment of state waters for the benefit of the general boating public. Derived from the one-time 5% vessel excise tax paid when a boat is purchased and titled in Maryland, the Fund provides grants and loans to local governments as well as state and federal agencies to support a range of projects, such as dredging channels and harbors, constructing marine facilities, and installing pump-out stations. Since its inception in 1966, the Fund has invested \$300 million in more than 4,500 projects statewide.¹

Improving public water access for boaters is a hallmark of the Waterway Improvement Fund. Over the past ten years, the Fund has invested \$15 million in building and repairing more than 130 public boat ramps throughout the state of Maryland. Two of these projects are highlighted below.

Fort Smallwood Park

Operated by Anne Arundel County, Fort Smallwood is a 90-acre public park located in the northeastern part of the county, at a point of land where the Patapsco River and Rock Creek meet the Chesapeake Bay. The former site of a coastal military defense dating to the 1880s, the park is now home to an array of recreational amenities including beaches, walking trails, a playground, volleyball courts, and a 380-foot fishing pier. As of spring 2016, the park also now boasts a two-lane boat ramp and parking lot for 46 boat trailers.

Before this ramp opened, there were only two public boat ramps in Anne Arundel County, and both were located in the greater Annapolis area, inconvenient to residents in the northern and southern parts of the county. With 520 miles of coastline in the county and more than 10,000 registered boats, the need for greater public water access was clear.² County residents had lobbied for more boat ramps for decades, and a ramp at Fort Smallwood was first proposed in the 1990s.³ Following a feasibility study in 2008, the Anne Arundel County Department of Recreation and Parks was able to secure \$515,357 in funding from the Waterway Improvement Fund, which was then used to leverage about \$1.3 million in additional federal funding for the construction of the project.



Opened in 2016, the Fort Smallwood Park ramp is the first County-owned ramp in Anne Arundel County and the only public boating access site serving residents in the northern part of the county. Photo credit: Anne Arundel County.

Opened in spring 2016, the long-anticipated ramp is expected to see 14,400 launches annually, attracting visitors from around the region and providing much easier access to the Patapsco River and Chesapeake Bay for boaters in northern Anne Arundel County.⁴

Fifteen Mile Creek

Located in the community of Little Orleans in Alleghany County, the Fifteen Mile Creek boat ramp is an essential access point to the upper Potomac River for boaters in western Maryland. Part of the C&O Canal National Historic Park, the facility had been in disrepair for many years and consisted of little more than a wooden ramp on a muddy riverbank.⁵

Improvements to the site included the construction of a two-lane boat ramp, an improved access road, and a parking lot with capacity for 14 boat trailers. The project was funded with \$354,227 in State Waterway Improvement Funds, which were matched by a federal Sport Fish Restoration Fund boating access grant of \$510,000.⁶

"Boaters in Western Maryland have been eagerly awaiting the completion of the Fifteen Mile Creek boating access facility," said Mark O'Malley, DNR's Director of Boating Services upon completion of the project. "This project will dramatically improve boater access to the upper Potomac River for many years to come."⁷



The Waterway Improvement Fund supported the construction of a two-lane boat ramp on Fifteen Mile Creek, where boaters previously had to access the creek via a muddy bank. Photo credit: Maryland DNR.

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DREDGING CHANNELS & STABILIZING SHORELINES

Success Stories from Maryland's Waterway Improvement Fund

The Maryland Waterway Improvement Fund supports the development, use, and enjoyment of state waters for the benefit of the general boating public. Derived from the one-time 5% vessel excise tax paid when a boat is purchased and titled in Maryland, the Fund provides grants and loans to local governments as well as state and federal agencies to support a range of projects, such as marking channels, building boat ramps, and installing pump-out stations. Since its inception in 1966, the Fund has invested \$300 million in more than 4,500 projects statewide.¹

Ensuring that Maryland's channels and harbors are navigable is a key focus of the Waterway Improvement Fund. Over the past ten years, the Fund has made grants totaling \$36 million to support 125 dredging projects, two of which are highlighted below.

Kent Narrows and Ferry Point Park

Kent Narrows is the channel that separates Kent Island – Chesapeake Bay's largest island – from the Delmarva Peninsula. Originally a shallow, marshy area, the channel was first dredged in 1876 to allow ship passage, and it has been dredged periodically to keep it navigable. In recent years, however, the northern part of the channel where it meets the Chester River had been silting in, inhibiting boat travel and even causing some vessels to run aground. At the same time, Ferry Point, part of a 41-acre public park that provides wildlife habitat and also a buffer against waves and storms for area businesses, had been gradually eroding away, putting Kent Narrows restaurants and marinas at increased risk of damage from storm surge and severe weather.²

A project to address both these problems was launched in 2006, as Maryland DNR partnered with Queen Anne's County and a team of other parties to dredge Kent Narrows and use the dredged material to stabilize and restore the shoreline at Ferry Point.³ The Waterway Improvement Fund supplied \$263,100 in funding for the project, and construction of a living shoreline with native marsh plants was completed in spring 2015.⁴



Dredged sand from Kent Narrows was used to replenish the shoreline at Ferry Point Park. Native grasses have since been planted to stabilize the site. Photo credit: Maryland DNR

The restored shoreline provides habitat for wildlife species such as horseshoe crabs, terrapins, and eagles, in addition to protecting Kent Narrows' economic center from damaging waves and wind, and offering recreational opportunities to area residents and park visitors. In addition, boaters are now able to easily navigate the length of Kent Narrows.

Mariner Point Park

Situated on a peninsula at the head of the Gunpowder River in eastern Harford County, Mariner Point Park is a 37-acre public park offering passive recreation opportunities as well as boat access to the river. Five acres of the park have been designated as a depository for dredged material from three area waterways: Taylor Creek, Foster Branch Creek, and the Gunpowder River, all of which gradually fill in with sediment eroded from further upstream and must be periodically dredged.

"Improving public access to our waterways allows our citizens to enjoy the natural wonders of our beautiful county and state."

- Harford County Executive Barry Glassman

In 2013, the dredge repository site contained about 31,000 cubic yards of de-watered material, which needed to be moved offsite in order to make room for additional sediment from planned dredging projects.⁵ A \$456,597 Waterway Improvement Fund grant enabled Harford County to remove this material, and a subsequent grant of \$492,000 from the Fund in 2016 was used to complete necessary dredging in the Gunpowder River, Taylor Creek, and Foster Branch Creek.⁶ These projects ensure that the popular waterways around Mariner Point Park continue to be accessible to the boating public.

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INVESTING IN MARINE FIRE SAFETY

Success Stories from Maryland's Waterway Improvement Fund

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Investing in fire safety and rescue equipment is a key way that the Waterway Improvement Fund benefits boaters. Over the past ten years, the Fund has supported more than 30 fire and/or rescue related projects, with grants totaling about \$1.4 million. These projects have ranged from purchasing new rescue boats to constructing on-shore safety equipment such as standpipes and marina fire protection systems.

Ocean City Fire / Rescue Boat

A resort community on the shore of the Atlantic Ocean in Worcester County, Ocean City is one of the most popular tourist destinations in the state. With a year-round population of just 7,000, the city's ranks swell to more than 300,000 during the summer months,¹ and a key draw for visitors is boating on the ocean and in the coastal bays.

The city's heavy pleasure boat traffic and challenging geography – with shifting sandbars that reduce water depth to six inches in some areas – make it both essential and challenging to have appropriate marine firefighting and rescue capacity.² However, prior to 2013, the only marine firefighting vessel available to service the Ocean City fire district – which includes nine marinas, 688 boat slips, 475 boat racks, and thousands of waterfront buildings – was a small skiff with a portable motor.



Ocean City's new fire rescue vessel is specially designed to navigate the area's shallow bays and ensures that this popular resort town is equipped to respond to marine fire emergencies. Photo credit: The Dispatch.

The Waterway Improvement Fund contributed \$150,000 over the course of three annual grant cycles towards the purchase of a new fire boat for the Ocean City Fire Department, and the vessel was placed into service in June 2013. The new boat was designed and built specifically for Ocean City's unique geographic conditions, complete

with a shallow draft that allows it to safely navigate the coastal bays. The vessel is equipped for marine rescues, with emergency medical equipment on board, as well as dive equipment and LED scene lighting. With the new vessel in its fleet, the Ocean City fire department is now prepared to respond to fire emergencies at sea or in the city's waterfront properties.

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IMPROVING PIERS & MARINAS

Success Stories from Maryland's Waterway Improvement Fund

The Maryland Waterway Improvement Fund supports the development, use, and enjoyment of state waters for the benefit of the general boating public. Derived from the one-time 5% vessel excise tax paid when a boat is purchased and titled in Maryland, the Fund provides grants and loans to local governments as well as state and federal agencies to support a range of projects, such as dredging channels and harbors, constructing marine facilities, and installing pump-out stations. Since its inception in 1966, the Fund has invested \$300 million in more than 4,500 projects statewide.¹

Over the past ten years, the Waterway Improvement Fund has provided \$24 million in funding to **improve piers and marinas throughout the state**. These grants have supported 160 projects, ranging from relatively small facility improvements such as waterline replacements to large-scale, multimillion dollar marina renovations. Two recent projects are described below.

Somers Cove Marina

Somers Cove is a 515-slip marina located in Crisfield, a town of 2,700 on Maryland's lower Eastern Shore. Situated on the Chesapeake Bay, Crisfield residents have long made their living from the water, giving the town its nickname "The Seafood Capital of the World." With traditional fishing, crabbing, and oyster industries declining, Crisfield is now largely reliant on tourism to sustain its economy. It serves as the main access point to the Bay's Tangier and Smith Islands, and Somers Cove Marina is a "favorite stop for boaters traveling the Intracoastal Waterway, and the Tangier and Pocomoke sounds."²

Somers Cove has received multiple Waterway Improvement Fund grants since 2009, supporting a variety of projects such as pier repair, office renovations, and electrical upgrades. In 2010, a WIF grant enabled the marina to complete a high-profile project to remove two corroding barges that had sunk in the marsh near the marina about 20 years prior, posing a hazard to boaters and potentially contributing pollution to the Bay via old fuel tanks. Marina director Lloyd Tyler told a local news outlet, "For years, this area of the marina has been a bit of an eyesore. Now, we can begin the first stage of a beautification project in that section."³ That effort – which included bringing in soil and planting vegetation – helped earn the marina a Delmarva Media Group Readers' Choice Award in 2013 for best marina in the Delmarva Peninsula.



Somers Cove Marina's old sign and chain-link fence were replaced by a new sign and iron fence. Credit: Maryland DNR.

The improved marina remains a “key part of the Crisfield community,”⁴ serving as the site for several important town events including the annual Hard Crab Derby. Following the Readers’ Choice Award announcement, marina manager Mary Taylor said, “All of us who work here know what a special place Crisfield and the waters here are. It’s just nice to be recognized by the customers.”⁵

Secretary Town Pier

A small town of 530 residents, Secretary is located in Dorchester County at the head of the Warwick River, a tributary of the Choptank. The town marina serves both local watermen and recreational boaters and is an essential part of Secretary’s economy, yet it had fallen into disrepair. Maryland DNR provided technical and administrative assistance to the Town to develop a vision for a new pier, then aided with designing and permitting the project.⁶

Construction of the pier began in fall 2015 and was funded in part by a Waterway Improvement Fund grant. A dredging project conducted in conjunction with the pier renovation was also funded by Maryland DNR.⁷ Demand for the new slips was so great that the marina had started a waiting list even before ground was broken on the project. Now complete, the pier includes 21 slips, modern lighting, current safety equipment, and ADA accessibility. Town Commissioner William Lauk told the *Dorchester Banner*, “It’s beautifully done.”



A new pier in Secretary is a major asset for this small town on the Warwick River. Credit: Maryland DNR.

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