

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 246 (Chairman, Environmental Matters Committee)
(Departmental - Environment)

Environmental Matters Referred to Economic and Environmental Affairs

Landfills - Standards - Requirements for Security

This amended departmental bill requires the Maryland Department of the Environment to adopt regulations governing financial assurance for municipal solid waste landfills. The municipal solid waste regulations must be consistent with the substance and timing of the federal regulations. An applicant for a sanitary landfill permit must provide proof of financial assurance in accordance with the regulations adopted.

This bill is effective June 1, 1997.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None, as discussed below.

Small Business Effect: The Department of the Environment (MDE) has determined that this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: The State currently has partial delegation from the Environmental Protection Agency (EPA) for its Solid Waste Program; this delegation expires during calendar 1997. The provisions in this bill regarding municipal solid waste facilities bring State requirements into compliance with the new federal requirements; MDE advises that it has applied to EPA for complete approval over this program. Due to current permitting activities in the department, this delegation would not require any additional personnel or other expenditures.

Local Effect: New federal rules governing municipal solid waste landfills will go into effect on April 9, 1997. These require financial assurance for the closure of these landfills through the posting of a bond or otherwise obtaining security to cover the cost of closing, capping, stabilizing, monitoring, and maintaining the landfill for its active life plus 30 years. The local jurisdiction may meet a “local test” for fiscal solvency; if requirements are met, the jurisdiction would not have to actually post a bond or purchase insurance. However, it is not known at this time if the liability that this represents would impact the jurisdiction’s credit or bond rating.

However, if the local jurisdiction did not meet the “local test”, they would need to provide other assurances of security. These include letters of credit, the posting of a bond, or the purchase of insurance. The exact cost of meeting this requirement would depend upon the projected cost to cover all relevant closure and remediation expenditures. These costs could vary greatly throughout the State. MDE advises that if the department is able to obtain full approval of the State’s program from EPA as is intended under the bill, it may be able to be more flexible in the requirements necessary to meet the “local test” provision.

The local jurisdiction would need to determine the risk assessment and the amount of security necessary. It is assumed that many local jurisdictions have staff that can handle these activities; however, it might be necessary for certain localities to contract out this function. Any increase in expenditures from this assessment cannot be determined at this time.

In addition, the security requirements under this bill that replace the currently required bond would remove the obligation that local governments be responsible for the closure of sanitary landfills within their jurisdictions.

Small Business Effect: Only one of the municipal solid waste landfill facilities is run by a private company; this company does not qualify as a small business.

Information Source(s): Maryland Department of the Environment, Baltimore County, Department of Fiscal Services

Fiscal Note History: First Reader - January 24, 1997
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