

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 320

(The President, *et al.*)

(By Request – Administration)

Education, Health, and Environmental Affairs

Environmental Matters

Water Pollution - State Waters - The Bay Restoration Fund

This Administration bill establishes the Bay Restoration Fund as a special, continuing, nonlapsing fund to be administered by the Maryland Water Quality Financing Administration (WQFA) within the Maryland Department of the Environment (MDE). The main goal of the fund is to provide grants to owners of wastewater treatment plants (WWTPs) to reduce nutrient pollution to the Chesapeake Bay. As a revenue source for the fund, the bill establishes a bay restoration fee on users of wastewater facilities, septic systems, and sewage holding tanks. Of the revenue collected from users of septic systems and sewage holding tanks, 60% will be deposited into a separate account within the fund for upgrades of failing septic systems, while 40% will be transferred to the Maryland Agricultural Water Quality Cost Share (MACS) Program within the Maryland Department of Agriculture (MDA) to provide financial assistance to farmers for cover crops. The bill also makes several changes to the Water Quality Improvement Act (WQIA) of 1998 in an effort to encourage farmers to develop and implement nutrient management plans.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Special fund revenue increase of \$29.75 million in FY 2005; future year estimates reflect additional fee revenue beginning in FY 2006 and bond proceeds beginning in FY 2007. Special fund expenditure increase of \$3.27 million in FY 2005; future year estimates reflect additional grant activity beginning in FY 2006 and debt service payments beginning in FY 2008. State expenditures (all funds) could increase significantly for the State's share of the fee.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$29.75	\$67.62	\$218.07	\$365.82	\$316.57
SF Expenditure	3.27	41.09	191.28	398.37	283.97
GF/SF/FF Exp.	-	-	-	-	-
Net Effect	\$26.47	\$26.52	\$26.80	(\$32.54)	\$32.60

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local grant revenues will increase by an estimated \$822.5 million between FY 2005 and FY 2009. Local administrative expenditures will increase to collect fees but will likely be offset by the bill’s provision allowing a local government or billing authority to retain 5% of the fee collected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: The Administration has determined that this bill will have a meaningful impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: A “user” means any person discharging wastewater to: (1) a wastewater facility that has a State discharge permit or National Pollutant Discharge Elimination System (NPDES) discharge permit; (2) an onsite sewage disposal system (septic system); or (3) a sewage holding tank. For each residential dwelling that receives an individual sewer bill and for each user of a septic system or sewage holding tank that receives a water bill, the bay restoration fee is \$2.50 per month (\$30 annually). For a building or group of buildings under single ownership or management that receives a sewer bill and that contains multiple residential dwellings that do not receive individual sewer bills, or for a nonresidential user, the bill establishes a sliding fee scale based on the volume of wastewater generated; the fee is \$2.50 per month (\$30 annually) for each “equivalent dwelling unit” (EDU), generally 250 gallons of wastewater effluent generated daily, up to 3,000 EDUs, and \$1.25 per month (\$15 annually) for each EDU over 3,000 and up to 5,000 EDUs. Based on this sliding scale and a cap on fees beyond 5,000 EDUs, the maximum fee is \$120,000 annually. The bill also provides that the maximum fee for a single site is \$120,000. The fees described above take effect January 1, 2005.

Beginning October 1, 2005, the bay restoration fee for each user of a septic system or a sewage holding tank that does not receive a water bill is \$30 annually.

The bill exempts certain users, including local governments, from the fee. Subject to approval by WQFA, the bill also authorizes a local government or a billing authority for a

water or wastewater facility to establish a program to exempt a residential dwelling able to demonstrate substantial financial hardship.

The fee will be collected by the local government or the billing authority for the water or wastewater facility, as appropriate, on behalf of the State. For those entities receiving water or sewer bills, the fee will be stated in a separate line on the water or sewer bill. For a wastewater facility without a billing authority, the Comptroller may collect the fee from the facility owner. For users of septic systems and sewage holding tanks that do not receive water bills, the fee will be collected by the method and frequency determined by the appropriate local government.

Fees must be remitted to the Comptroller, who is authorized to adopt regulations to administer, collect, and enforce the fee. The Comptroller is required to distribute the amount necessary to administer the fee, up to 0.5% of the fees collected, to an administrative cost account. After that distribution, the Comptroller must deposit fee collections in the Bay Restoration Fund. The bill establishes provisions addressing collection and enforcement.

The Bay Restoration Fund will consist of revenue generated from the bay restoration fee (as described above), net proceeds of bonds issued by WQFA, interest or other investment income, and any additional money from any other sources. Money in the fund may not revert or be transferred to the general fund. The bill expands WQFA's current bonding authority to reflect the new fund.

With regard to the fees collected from users of septic systems and sewage holding tanks, the Comptroller must establish a separate account within the Bay Restoration Fund; 60% of the funds will remain in that account, while 40% will be transferred to MACS within MDA.

Priority for funding a WWTP upgrade must be given to enhanced nutrient removal (ENR) upgrades at WWTPs with a design capacity of 500,000 gallons per day or more. The eligibility and priority ranking of a project must be determined by MDE based on criteria established in regulations. Funds in the Bay Restoration Fund shall only be used: (1) to award grants for up to 100% of eligible costs of projects relating to planning, design, construction, and upgrade of a wastewater facility for flows up to the design capacity of the facility to achieve ENR; (2) in fiscal 2005 through 2009, for a portion of costs relating to upgrading sewer infrastructure, up to \$5 million annually, and, beginning in fiscal 2010, for a portion of the operation and maintenance costs related to ENR technology, as provided by the bill; (3) as a source of revenue or security for the payment of principal and interest on bonds issued by WQFA; (4) to earn interest on accounts in the fund; (5) for the reasonable costs of administering the fund, which may not exceed 1.5% of the total fees collected annually from WWTP users; (6) for the reasonable

administrative costs incurred by a local government or billing authority, of which up to 5% of the total fees collected by the local government or billing authority may be retained by the local government or billing authority; (7) for future upgrades of wastewater facilities to achieve additional nutrient removal or water quality improvement; (8) for costs associated with issuing bonds; and (9) for costs related to nitrogen removal from septic systems, related administrative costs, and for cover crop activities, as described below.

Funds in the Bay Restoration Fund generated from the fee on users of septic systems and sewage holding tanks must be used to provide grants and loans to users of septic systems and sewage holding tanks for the costs of upgrading those systems. Such funds will also be used to offset MDE's costs of establishing an education, outreach, and upgrade program; administrative costs may not exceed 8% of funds deposited in the septic account. Priority must be given to upgrading failing septic systems located in the Chesapeake and Atlantic Coastal Bays Critical Area.

The funding provided to MACS (40% of that which is collected from the fee on users of septic systems and sewage holding tanks) must be used to fund cover crop activities.

The bill establishes an advisory committee to be staffed by MDE, MDA, the Maryland Department of Planning (MDP), the Department of Natural Resources (DNR), and the Department of Budget and Management (DBM). Among other things, the committee must: (1) analyze the cost of nutrient removal from WWTPs; (2) identify additional funding sources; (3) make recommendations regarding the appropriate fee to be assessed in future years; and (4) in consultation with counties, identify septic system and sewage holding tank users and make recommendations regarding the collection of the fee from those users that do not receive water bills. Beginning January 1, 2006 the committee must report annually to the Governor and the General Assembly. In consultation with the governing body of each county, the committee also must study and report to specified committees of the General Assembly by January 15, 2005 regarding the methods evaluated and recommended for the collection of the fee by local governments from users of septic systems and sewage holding tanks that do not receive water bills. Finally, the committee, in conjunction with the Maryland Association of Counties (MACo) and the Maryland Municipal League, must report to specified committees of the General Assembly by December 31, 2006 regarding the extent of administrative costs incurred by local governments in collecting the bay restoration fee and the reasonableness of the reimbursement provided by the bill.

By December 31, 2006, MDE must report to specified committees of the General Assembly regarding the implementation of the education, outreach, and upgrade program and related administrative costs.

With respect to the bill's changes to WQIA, the bill repeals the current right-of-entry authority of MDA and establishes provisions governing farm site visits; eases paperwork requirements for farmers; reduces the administrative burden on MDA relating to certifying and licensing nutrient management consultants; establishes a certification process specific to farmers; and increases flexibility for MDA regarding standards for plan development and the use of private nutrient management consultants to develop plans.

Current Law: WQFA was established by the General Assembly in 1988 to encourage capital investment for wastewater and drinking water projects pursuant to the federal Clean Water Act and the federal Safe Drinking Water Act. WQFA administers two loan funds. One of those loan funds, the Water Quality Revolving Loan Fund (WQRLF), was established in 1988 to provide low-interest loans for wastewater projects. Under existing authority, MDE also administers two grant programs (the Supplemental Assistance Program and the Biological Nutrient Removal (BNR) Program) that provide funding to local governments for improvements to wastewater collection and treatment systems.

Background: According to the Chesapeake Bay Program, nitrogen pollution is the most serious problem facing the Chesapeake Bay today. Each year, roughly 300 million pounds of nitrogen reach the bay. Nitrogen pollution results in excessive algae growth that clouds water, depletes oxygen, and impacts bay grasses, fish, and crabs. As part of the *Chesapeake 2000 Agreement*, Maryland, Virginia, Pennsylvania, and the District of Columbia committed to reduce nitrogen to levels that will remove the bay from the federal impaired waters list.

Discharges from WWTPs account for about 20% of the nutrient pollution reaching the bay. The Administration advises that upgrades of the 66 major WWTPs will reduce nitrogen loading to the bay and its tributaries by 7.5 million pounds annually, approximately one-third of the additional reduction needed for Maryland to meet its commitments under the 2000 agreement. Although there are about 272 WWTPs with NPDES permits in the State, 195 of which are publicly owned, MDE advises that upgrades to the 66 largest facilities would cover over 95% of the discharge to the bay.

In March 2001, Governor Glendening appointed a 21-member task force to address the issues and costs associated with separating and upgrading combined sewerage systems in the State and installing additional nutrient removal technology at WWTPs. In its December 2001 report to the Governor and the General Assembly, the task force identified a total estimated capital need of \$4.3 billion to upgrade sewerage systems including conveyance pipes and pumping stations, correction of combined sewer overflows and sanitary sewer overflows, and upgrades at WWTPs to maintain compliance, implement BNR, and provide capacity for existing and projected growth. Costs to address nutrient removal needs were estimated at approximately \$847 million of

this total. According to MDE, upgrades to the State's 66 major WWTPs to reach ENR will total an estimated \$750 million to \$1 billion.

According to MDE, since 1985, under the BNR Program, \$190 million in State grant funds has been authorized to fund 60 projects; a total of \$11.5 million was authorized in fiscal 2004 to fund nutrient removal projects, of which \$10 million was used to fund 17 BNR projects and \$1.5 million was used to fund 13 ENR projects. To date, WQRLF has provided \$732 million in low-interest loans for sewerage system improvements; about \$570 million of this was directed for improvements at WWTPs. The fiscal 2005 budget includes \$17.0 million in general obligation (GO) bonds for the BNR Program, \$5 million in GO bonds for the Supplemental Assistance Program, and \$70 million for WQRLF (\$32.8 million in special funds, \$30.8 million in federal funds, and \$6.4 million in GO bonds).

Runoff of nutrients from agricultural lands plays a major role in nutrient pollution. WQIA of 1998 provides for a variety of measures aimed at improving water quality throughout the State, including mandatory development and implementation of nutrient management plans by farmers. For a variety of reasons, many agricultural operations have not met the deadlines under WQIA for developing and implementing plans. This bill incorporates the Administration's proposal as introduced (SB 182/HB 291) to amend WQIA in an effort to encourage compliance. For a more complete discussion of WQIA and the Administration's proposal, which also passed as stand-alone legislation as SB 182, consult the first-reader fiscal notes for these bills.

Under MACS, MDA provides grants to farmers to cover up to 87.5% of the cost to install best management practices (BMPs). Cover crops planted after the fall harvest to soak up unused fertilizers is one of the BMPs currently eligible for cost-share assistance. The fiscal 2005 budget includes \$1.45 million in general funds for cover crop activities. According to MDA, to reach its goal of planting 600,000 acres of cover crops statewide, funding needs are estimated to total \$12 million annually.

State Fiscal Effect: A summary of the estimated budget of the Bay Restoration Fund is shown in **Appendix 1**. A description of total State revenues and expenditures is provided below. **Appendix 2** provides a county-by-county breakdown of anticipated fee collections from users of WWTPs with NPDES discharge permits as well as preliminary estimates, by county, of costs to upgrade the major WWTPs in the State. Appendix 2 also provides estimated revenues, by county, of the fee assessed on users of septic systems and sewage holding tanks.

State Revenues:

Revenue from Bay Restoration Fee

Gross fee collections are estimated to total \$31.28 million in fiscal 2005, \$71.11 million in fiscal 2006, and \$73.96 million annually thereafter (\$61.96 million from WWTP users and \$12.00 million from users of septic systems and sewage holding tanks). These estimates reflect the bill's staggered fee implementation dates and the exemption for local governments. The estimates do not reflect any exemptions that would be made for residential dwellings based on financial hardship. The estimates assume that total flow from WWTPs and the number of septic systems and sewage holding tanks in the State remain constant over time.

Net Fee Revenues to the Bay Restoration Fund in MDE

In fiscal 2005, an estimated \$29.54 million in fee revenue would be deposited into the fund, as shown in Appendix 1 and **Exhibit 1**. In fiscal 2006, an estimated \$64.10 million would be deposited in the fund. Beginning in fiscal 2007, an estimated \$65.72 million would be deposited in the fund annually.

Exhibit 1
Estimated Revenues to the Bay Restoration Fund from Fee Collections
(\$ in millions)

<u>Revenue Source</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007 and Subsequent Years</u>
Residential Users of WWTPs with NPDES Permits	\$23.90	\$47.79	\$47.79
Nonresidential Users of WWTPs with NPDES Permits	7.97	15.93	15.93
Industrial Dischargers	0.60	1.19	1.19
Users of WWTPs with Groundwater Discharge Permits	0.13	0.25	0.25
Users of Septic Systems and Sewage Holding Tanks	0.32	9.63	12.63
Less Local Exemption	(1.62)	(3.68)	(3.83)
Less 5% for Billing Authorities	(1.53)	(3.50)	(3.64)
Less Comptroller Administrative Costs	(0.10)	(0.04)	(0.04)
Less Transfer to MDA (40% Septic Fees)	(0.11)	(3.48)	(4.56)
Net Revenues to Bay Restoration Fund	\$29.54	\$64.10	\$65.72

Note: Numbers may not sum to total due to rounding.

For the fee assessed WWTP users, the estimates are based on 2002 WWTP flow data and assume that one EDU equals 250 gallons per day. For users of WWTPs with NPDES permits, the breakdown assumes that 75% of flow is from residential users and 25% is from nonresidential users. For industrial dischargers with their own discharge permits, the estimates reflect the bill's sliding fee scale and cap and assume that 223 of the 260 industrial facilities will be exempt.

For the fee on users of septic systems and sewage holding tanks, the estimates assume that 60% of net revenues will remain in the fund, as required by the bill. The remaining 40% will be transferred into MACS, as described below. The estimates reflect an estimated 421,066 septic systems and holding tanks statewide, based on information provided by MDP. The estimates assume that 5% of users of septic systems and sewage holding tanks receive water bills and would therefore become subject to the fee as of SB 320 / Page 15

January 1, 2005. The remainder of such users would not be subject to the fee until October 1, 2005.

It is assumed that local governments account for approximately 5% of users; accordingly, revenue estimates are adjusted downward by 5% to reflect the fact that local governments are not subject to the bill's fee provisions.

Net Fee Revenues to MACS in MDA

An estimated \$114,004 will be deposited in MACS in fiscal 2005, reflecting the fact that only an estimated 5% of septic system and sewage holding tank users will become subject to the fee as of January 1, 2005. In fiscal 2006, an estimated \$3.48 million will be deposited in MACS, which reflects the October 1, 2005 fee implementation date for remaining septic system/holding tank users. An estimated \$4.56 million will be deposited in MACS annually beginning in fiscal 2007, reflecting full implementation of the fee provisions. These estimates reflect 40% of the estimated revenue generated from the fee on users of septic systems and sewage holding tanks and are net of the 5% that would be retained by the applicable billing authority. The estimates also reflect the bill's exemption for local governments.

Net Revenues to Comptroller

The bill directs the Comptroller to retain up to 0.5% of fees collected to offset administrative costs. Based on anticipated costs of collecting the fee from billing authorities and WWTPs, which are described below under the State Expenditures section, the Comptroller will retain an estimated \$95,000 in fiscal 2005 and \$40,000 annually thereafter.

Net Bond Proceeds

Special fund revenues to the Bay Restoration Fund from bond proceeds (net of issuance costs, which are estimated at 1.5% of bond issuance) are anticipated to total an estimated \$147.75 million in fiscal 2007, \$295.50 million in fiscal 2008, and \$246.25 million in fiscal 2009, totaling \$689.50 million over the three-year period. These estimates, which are based on the sale of \$700 million in bonds from fiscal 2007 through 2009, reflect the anticipated cost to upgrade only the major WWTPs to achieve ENR. It is unclear at this point to what extent MDE will need to issue bonds in future years to support upgrades to the smaller WWTPs.

State Expenditures:

Maryland Department of the Environment

Special fund expenditures from the Bay Restoration Fund, as shown in Appendix 1, will total an estimated \$3.06 million in fiscal 2005, which reflects a 90-day start-up delay and the bill's January 1, 2005 fee implementation date. This estimate reflects \$2.50 million in sewer infrastructure grants, \$157,325 in grants and loans to users of septic systems and sewage holding tanks, and \$406,836 in administrative expenditures, which reflects the cost of hiring five new positions (one program manager to supervise and manage the new fund; one public health engineer to develop WWTP projects and coordinate program activity; one accountant to provide overall accounting expertise; one office secretary to provide clerical support; and one Assistant Attorney General to develop regulations, grant agreements, and revenue bond indenture and to provide ongoing legal support). It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including contractual services for bond counsel, bond trustee services, financial advice, and independent audits.

The bill limits MDE's administrative expenditures for the septic program to 8% of the revenue deposited in the septic account. Even though a minimal amount of revenue will be deposited into the septic account in the first year, MDE advises that it would need to hire three sanitarians in fiscal 2005 in order to begin identifying septic system and sewage holding tank users and implementing the education, outreach, and upgrade program. Accordingly, MDE advises that it will divert special fund resources from other areas to cover the costs of the three salaries in fiscal 2005.

Future year expenditures are annualized and reflect:

- additional grant activity, as shown in Appendix 1;
- annual debt service payments (assuming an interest rate of 5% over 20 years) beginning in the year following bond issuance;
- costs to hire nine more employees (two administrators to prepare and administer WWTP grant agreements and to process payment disbursements; two public health engineers to conduct design review, environmental assessment, and construction monitoring activities; and five employees (three sanitarians and two public health engineers) to implement the septic program);
- the costs related to the three sanitarians hired in fiscal 2005 for the septic program, as described above;
- full salaries with 4.6% annual increases and 3% employee turnover; and
- 1% annual increases in ongoing operating expenses, as appropriate.

Under MDE's current timeframe, upgrades to the major WWTPs could be completed in 2011. To the extent fee revenues are lower than the estimated amount, construction of some projects may have to be pushed back to build up a fund balance to cover the costs associated with issuing the bonds.

Maryland Department of Agriculture

Special fund expenditures within MDA for MACS would increase commensurately with revenues, increasing in fiscal 2006 and 2007 due to the bill's staggered fee implementation dates for users of septic systems and sewage holding tanks. In fiscal 2005, an estimated \$114,004 would be used to provide grants to farmers for cover crop activities. The fiscal 2006 estimate (\$3.48 million) includes approximately \$3.43 million in grants and \$48,383 in administrative costs, which reflects the cost to hire one soil conservation specialist to administer grants. Special fund expenditures would total \$4.56 million annually thereafter (approximately \$4.49 million in grants and increasing administrative costs, including the cost to hire a part-time contractual employee in fiscal 2007).

The bill's changes to WQIA are not anticipated to have a significant impact on MDA finances.

Comptroller

Special fund expenditures for administering and collecting the fee from billing authorities and WWTPs could increase by an estimated \$95,000 in fiscal 2005, which reflects the fee implementation date of January 1, 2005. The estimate includes \$75,000 in one-time programming costs and \$20,000 for return processing, taxpayer assistance, and auditing activities. Out-year costs, which are estimated to total \$40,000 annually, are annualized and reflect ongoing operating costs. As described above in the State Revenues section, these costs are offset by the retention of funds from fee collections prior to distributing revenues to MDE and MDA.

Costs to Pay Fee for State Government Facilities

As a user of wastewater facilities, septic systems, and sewage holding tanks, State government facilities will be subject to the proposed fee. The State's share of flow from WWTPs is unknown. Although water consumption can be used as a proxy for wastewater generated, data on the State's total water consumption are not readily available. Also unknown is the number of State-owned facilities with septic systems and sewage holding tanks. Accordingly, the total cost to the State cannot be reliably estimated at this time. However, given that the fee is expected to increase the average

user's sewer bill by about 10%, State expenditures for facilities with sewer service could be significant.

Advisory Committee

Any expense reimbursements for committee members and staffing costs for MDE, MDA, MDP, DNR, and DBM are assumed to be absorbable within existing budgeted resources.

Local Fiscal Effect: Of the 272 WWTPs with NPDES permits, 195 are publicly owned. All 66 major WWTPs are publicly owned. Local grant revenues will increase significantly for: (1) combined sewer overflows abatement projects, sewer rehabilitation, and conveyance system upgrades; (2) capital costs for planning, design, and construction of ENR upgrades; and (3) operation and maintenance costs associated with ENR. Estimated total grant amounts are provided in Appendix 1.

Local governments will incur additional administrative costs associated with collecting the fee and remitting funds to the Comptroller. Such costs would likely be offset by the bill's provision allowing billing authorities and local governments to retain up to 5% of the fees collected. Based on the anticipated revenue stream, an estimated \$1.53 million in fiscal 2005, \$3.50 million in fiscal 2006, and \$3.64 million annually thereafter would be retained by billing authorities (including nonlocal entities).

Additional Information

Prior Introductions: None.

Cross File: HB 555 (The Speaker and Minority Leader, *et al.*)(By Request – Administration) – Environmental Matters.

Information Source(s): Maryland Department of the Environment, Maryland Association of Counties, Montgomery County, Calvert County, Howard County, Washington Suburban Sanitary Commission, Maryland Municipal League, Baltimore City, U.S. Environmental Protection Agency, Department of Legislative Services (Office of Legislative Audits)

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Appendix 1
Estimated Budget of the Bay Restoration Fund
(\$ in thousands)

<u>Fiscal Year</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues to Fund						
Gross Revenues from Fees	\$31,281	\$71,112	\$73,962	\$73,962	\$73,962	\$73,962
Bond Sale Proceeds ¹	0	0	147,750	295,500	246,250	0
Collection for Billing Authorities	(1,534)	(3,496)	(3,639)	(3,639)	(3,639)	(3,639)
Administrative Costs for Comptroller	(95)	(40)	(40)	(40)	(40)	(40)
Transfer to MDA	<u>(114)</u>	<u>(3,477)</u>	<u>(4,560)</u>	<u>(4,560)</u>	<u>(4,560)</u>	<u>(4,560)</u>
Net Revenues	\$29,537	\$64,099	\$213,473	\$361,223	\$311,973	\$65,723
Expenditures from Fund						
MDE Administrative Expenses	\$407	\$1,276	\$1,382	\$1,437	\$1,469	\$1,543
ENR Capital Grants to WWTPs	0	26,500	174,000	369,000	230,500	0
Sewer Infrastructure Grants	2,500	5,000	5,000	5,000	5,000	0
ENR O&M Grants to WWTPs	0	0	0	0	0	5,000
Septics Grants/Loans	157	4,798	6,293	6,293	6,293	6,293
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,036</u>	<u>36,109</u>	<u>56,170</u>
Total Expenditures	\$3,064	\$37,575	\$186,675	\$393,767	\$279,371	\$69,006
Fund Balances						
Debt Service Reserve	\$0	\$0	\$15,000	\$45,000	\$70,000	\$70,000
Beginning Balance ²	\$0	\$26,473	\$52,997	\$64,795	\$2,251	\$9,853
End-of-year Balance ²	\$26,473	\$52,997	\$64,795	\$2,251	\$9,853	\$6,571
Bonds Sold	\$0	\$0	\$150,000	\$300,000	\$250,000	\$0
Debt Outstanding	\$0	\$0	\$150,000	\$445,464	\$681,628	\$659,539

¹ Net of Bond Issuance Costs, estimated at 1.5% of bond issuance.

² Excludes Debt Service Reserve, which is estimated at 10% of bond issuance.

Appendix 2
County by County Breakdown
Estimated ENR Cost and Fee Revenue

<u>County</u>	<u>Estimated Cost ENR Upgrades (\$ in millions)</u>	<u>Estimated Annual Fee Revenue from WWTP Users (\$ in millions/year)</u>	<u>Estimated Annual Fee Revenue from Users of Septic Systems/Holding Tanks (\$ in millions/year)</u>
Allegany	\$13.06	\$1.50	0.12
Anne Arundel	40.13	4.23	1.27
Baltimore City	150.00	12.13	0.00
Baltimore	Included with Baltimore City	9.75	0.80
Calvert	1.00	0.08	0.22
Caroline	3.00	0.12	0.67
Carroll	9.00	0.83	0.89
Cecil	8.00	0.51	0.56
Charles	4.00	0.96	0.59
Dorchester	8.00	0.59	0.19
Frederick	18.00	1.62	0.97
Garrett	No plant discharge to bay	0.35	0.30
Harford	27.25	1.80	0.96
Howard	10.00	2.62	0.67
Kent	2.00	0.10	0.13
Montgomery	5.00	9.92	0.93
Prince George's	19.00	9.60	0.29
Queen Anne's	4.11	0.22	0.26
Somerset	3.00	0.12	0.15
St. Mary's	8.00	0.42	0.62
Talbot	11.00	0.23	0.22
Washington	10.00	1.18	0.49
Wicomico	8.00	0.66	0.53
Worcester	4.00	1.02	0.17
WSSC	377.20	Included with Montgomery and PG above	
Total	\$742.74	\$60.54	\$12.00

Notes: Numbers may not sum to total due to rounding.

Total costs based on MDE's initial estimates for ENR upgrades.

Final costs will likely total between \$750 million and \$1 billion.

Costs represent costs to upgrade major WWTPs located in the counties shown above.

Estimated revenue from WWTP users based on gross annual fees collected from WWTPs with NPDES permits once fee provisions are fully implemented.

Total annual fee collections from WWTP users are estimated at \$61.96 million annually.

(The balance anticipated from industrial dischargers and users of WWTPs with groundwater discharge permits.)

Estimated revenue from WWTP users adjusted to represent fee collected from users with counties shown above.

Estimated annual revenue from users of septic systems and sewage holding tanks based on data provided by MDP.

Figures represent annual fee revenue once the bill's fee provisions are fully implemented.

Source: Maryland Department of the Environment, Maryland Department of Planning, Department of Legislative Services