

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

Senate Bill 438 (Senator Middleton)
 Education, Health, and Environmental Affairs

Environment - Well Drilling - Notice to Municipalities

This emergency bill requires the Maryland Department of the Environment (MDE), rather than a well driller, to notify a municipality if a well will be drilled within a municipality or within one mile of the municipal boundary.

Fiscal Summary

State Effect: Special fund expenditures increase by \$18,600 in FY 2015, which assumes an April 1, 2015 effective date, and by more than \$58,900 annually beginning in FY 2016, for MDE to hire one administrative assistant to conduct the required notifications. Revenues are not affected.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	18,600	58,900	61,700	64,600	67,700
Net Effect	(\$18,600)	(\$58,900)	(\$61,700)	(\$64,600)	(\$67,700)

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

Local Effect: Local government operations and finances are not materially affected, assuming MDE handles the bill's notice requirement and does not delegate this responsibility to local approving authorities.

Small Business Effect: Minimal.

Analysis

Current Law: In applying for a permit to drill a well, *the well driller* must notify a municipality if the well will be located inside of, or within one mile of, the municipal boundary. The well driller must also give MDE any required information.

Background: The goal of MDE's well construction regulatory program is to ensure that wells are constructed in a manner to protect groundwater quality and provide an adequate source of safe drinking water. While the majority of the State's population receives its water from public water systems, the use of groundwater for public water supplies is a common practice in Maryland. MDE delegates well drilling permitting activities to local approving authorities but provides oversight and assumes responsibility for updating well construction regulations when necessary. MDE advises that it receives roughly 7,500 well applications per year.

State Expenditures: Special fund expenditures increase by \$18,648 in fiscal 2015, which assumes an April 1, 2015 effective date for the emergency bill, and by more than \$58,868 annually beginning in fiscal 2016. This estimate reflects the cost of hiring one administrative specialist within MDE's Water Management Administration to conduct about 7,500 notifications per year, or about 30 per workday. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The fiscal 2015 closing balance for the Maryland Clean Water Fund is projected to be nearly \$2.3 million; thus, this analysis assumes that sufficient special funds are available to implement the bill. General fund expenditures increase to the extent that the Maryland Clean Water Fund cannot support the increase in costs resulting from the bill.

	<u>FY 2015</u>	<u>FY 2016</u>
Position	1	
Salary and Fringe Benefits	\$14,217	\$58,277
Equipment	4,285	0
Operating Expenses	<u>146</u>	<u>591</u>
Total MDE Expenditures	\$18,648	\$58,868

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. The estimate also assumes that the mapping work to be performed by the administrative specialist can be done through the use of the State's existing ArcMap enterprise license.

Additional Information

Prior Introductions: HB 1126 of 2013, a similar bill, received an unfavorable report from the House Environmental Matters Committee.

Cross File: HB 883 (Delegate Frush) - Environment and Transportation.

Information Source(s): Maryland Department of the Environment, Maryland Municipal League, Department of Information Technology, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2015
min/lgc

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