

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1108 (Delegate Gilchrist, *et al.*)  
Environment and Transportation

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**Environment - Municipal Stormwater Charges - Property Subject to Charges**

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This bill establishes that if a municipality has established a system of charges to fund the implementation of stormwater management programs under § 4-204 of the Environment Article, property owned by the State, a unit of State government, a county, a college or university, or a local school system that is located in the municipality is subject to those charges if (1) the municipality has established a dedicated stormwater management fund and (2) property owned by the municipality is subject to the charges.

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**Fiscal Summary**

**State Effect:** Potential significant increase in State expenditures (all funds) for multiple State agencies and institutions of higher education that own property located in municipalities that meet the bill's requirements.

**Local Effect:** Municipal revenues from stormwater charges increase, potentially significantly. Local expenditures increase for affected counties to pay stormwater charges.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law/Background:** The General Assembly first enacted the Stormwater Management Act in 1982 and has amended it several times since. Stormwater management initially focused on urban flood prevention, later evolved into resource management, and, more recently, has become an environmental and regulatory function. According to the Office of the Attorney General, under the Stormwater Management Act, the legislature found that the management of stormwater runoff is necessary to reduce stream channel erosion, pollution, siltation and sedimentation, and local flooding in order to protect the State's water and land resources. The intent of the Stormwater Management Act is to reduce, as much as possible, the adverse effects of stormwater runoff. To achieve that goal, the Act requires each county and municipality to have an ordinance implementing a stormwater management program consistent with flood management plans and that meets certain minimum requirements. A key provision of the Act is the authorization for each county and municipality to adopt a "system of charges" to fund the implementation of stormwater management programs under § 4-204 of the Environment Article.

Revenues generated by the system of charges may be used for:

- reviewing stormwater management plans;
- inspection and enforcement activities;
- watershed planning;
- planning, design, land acquisition, and construction of stormwater management systems and structures;
- retrofitting developed areas for pollution control;
- water quality monitoring and water quality programs;
- operation and maintenance of facilities; and
- program development of these activities.

A local governing body can choose to pay the costs of the program with local revenues or with the proceeds of a system of charges. A local government is not required to establish a dedicated stormwater management fund under these provisions.

State and local governments are exempt from the stormwater charges established under § 4-204 of the Environment Article.

Although a complete list of the municipalities that have established a system of charges under § 4-204 of the Environment Article has not been able to be verified in time for inclusion in this fiscal and policy note, the Department of Legislative Services believes that at least the following eight municipalities have done so: Annapolis; Berlin; Frederick;

Gaithersburg; Oxford; Rockville; Salisbury; and Takoma Park. It is unclear how many of these municipalities have established dedicated stormwater management funds, however.

**State Expenditures:** As noted above, the bill authorizes municipalities to charge a unit of State government and a college or university, among other entities, stormwater charges established under § 4-204 of the Environment Article if certain conditions are met. Under current law, these public entities are exempt from such charges. As such, the bill results in a potentially significant increase in State expenditures (all funds) for those State agencies and institutions of higher education that must now pay stormwater charges as a result of the bill. A reliable estimate of the total increase in costs cannot be made, as it depends on the amount and type of property owned, the location of that property, the charges established in various municipalities, and the extent to which municipalities meet the conditions required in order to assess stormwater charges on those entities (*i.e.*, the municipality has established a dedicated fund, and property owned by the municipality itself is subject to the charge).

Although an estimate of the overall impact on the State cannot be made, for some agencies, the increase in expenditures to pay stormwater charges could be significant. The bill is likely to have the biggest impact on those agencies that own/manage significant amounts of property, such as the Department of General Services, the Maryland Department of Transportation, and the University System of Maryland, among others. However, the extent to which these agencies and others own property in the municipalities that have established a system of charges (or will do so in the future) is unknown.

**Local Fiscal Impact:** The bill results in a potentially significant increase in revenues for municipalities that are able to charge units of State government, counties, colleges or universities, or a local school system any stormwater charges established under § 4-204 of the Environment Article. As discussed above, the exact impact of this increase is unknown. However, for certain municipalities, the increase in fee revenues is likely significant. For example, the City of Rockville advises that the city could collect \$512,687 in fiscal 2016 from property owned by public entities that are exempt from stormwater fees under current law.

Expenditures increase for any county that owns property in a qualifying municipality and must pay stormwater charges under the bill.

**Additional Comments:** This bill relates only to stormwater charges established under § 4-204 of the Environment Article, which authorizes local governments to establish a system of charges for stormwater management. It does *not* relate to stormwater remediation fees established under § 4-202.1 of the Environment Article.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Municipal League; cities of Rockville and College Park; Baltimore, Carroll, Harford, Montgomery, and Queen Anne's counties; Maryland Association of Counties; Baltimore City Community College; St. Mary's College of Maryland; University System of Maryland; Maryland Department of Agriculture; Maryland Department of Commerce; Comptroller's Office; Maryland Department of the Environment; Department of General Services; Department of Health and Mental Hygiene; Department of Housing and Community Development; Department of Juvenile Services; Department of Labor, Licensing, and Regulation; Maryland Association of County Health Officers; Department of Public Safety and Correctional Services; Department of State Police; Maryland Department of Transportation; Department of Veterans Affairs; Judiciary (Administrative Office of the Courts); Office of the Attorney General; Department of Legislative Services

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Analysis by: Kathleen P. Kennedy

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510