

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 7

(Senator West)

Education, Energy, and the Environment

Environment and Transportation

Environment - On-Site Wastewater Services - Board, Fees, and Penalties

This emergency bill (1) redirects any administrative penalty collected by the Maryland Department of the Environment (MDE) for a violation of any provision of § 9-217.2 of the Environment Article (which establishes licensing requirements for individuals inspecting on-site sewage disposal systems) from the Septics Account of the Bay Restoration Fund (BRF) to the Maryland Clean Water Fund and (2) alters the composition of the State Board of On-Site Wastewater Professionals. The bill also clarifies (1) that the licensing requirements under § 9-217.2 of the Environment Article apply only to those individuals conducting an inspection *for the purpose of property transfer* and (2) the distribution of fees into the On-Site Wastewater Professionals Fund.

Fiscal Summary

State Effect: Overall, the bill does not materially affect State finances or operations. The bill has no net impact on special fund revenues but results in a minimal shift in special fund administrative penalty revenue from the BRF to the Maryland Clean Water Fund in FY 2023, 2024, and 2025.

Local Effect: The bill's changes do not have a direct, material impact on local finances or operations.

Small Business Effect: Minimal or none.

Analysis

Current Law:

Septic System Installers and Inspectors

Chapters 444 and 445 of 2021 require that any person (unless exempted) who engages in the business of inspecting a septic system obtain an on-site wastewater property transfer inspection license issued by MDE. The Acts required MDE to adopt regulations that establish license eligibility criteria, minimum training standards, license terms, and fees for license applications and renewals, as specified. MDE promulgated the required regulations in 2022 as emergency regulations. The emergency regulations took effect August 24, 2022, and expire February 20, 2023.

An individual who violates a provision of Chapters 444 and 445 or any regulation adopted pursuant to those Acts is subject to an administrative penalty of up to \$10,000. Each on-site sewage disposal system that an individual knowingly inspects without a valid on-site wastewater property transfer inspection license constitutes a separate violation. Any administrative penalty collected by MDE pursuant to these provisions must be paid into the Septics Account of the BRF.

Chapter 419 of 2022 and the On-Site Wastewater Professionals Fund

Pursuant to Chapter 419 of 2022, effective June 30, 2025, the provisions described above regarding septic system installers and inspectors are repealed. Chapter 419 established alternate provisions that (1) require an individual to hold a valid on-site wastewater property transfer license issued by MDE in order to engage in the business of inspecting an on-site sewage disposal system; (2) establish related application procedures; (3) establish an administrative penalty for violations; and (4) require MDE to adopt implementing regulations in consultation with the State Board of On-Site Wastewater Professionals by July 1, 2025.

Chapter 419 also established the On-Site Wastewater Professionals Fund, which supports the board's operations and is funded primarily by fees, penalties, and fines collected pursuant to Chapter 419.

Maryland Clean Water Fund

The Maryland Clean Water Fund consists of all application fees, permit fees, renewal fees, funds, and civil and administrative penalties collected under specified water pollution control laws. MDE must use the Maryland Clean Water Fund for activities related to a number of specified purposes that, broadly speaking, address water quality and wastewater

treatment. In determining the use of money from the fund, priority must be given to activities relating to the water quality of the Chesapeake Bay and its tributaries.

Bay Restoration Fund

Chapter 428 of 2004 established the BRF. The primary purpose of the fund is to support upgrades to Maryland's 67 major publicly owned wastewater treatment plants with enhanced nutrient removal technology; funds are also used for septic system upgrade grants, among other things, and the Cover Crop Program within the Maryland Department of Agriculture.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 30 (Delegate Stein) - Environment and Transportation.

Information Source(s): Baltimore, Carroll, Queen Anne's, and St. Mary's counties; Maryland Association of Counties; Maryland Municipal League; Maryland Department of the Environment; Department of Legislative Services

Fiscal Note History: First Reader - January 23, 2023
km/lgc Third Reader - February 28, 2023

Analysis by: Kathleen P. Kennedy

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