

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 808

(Senator Carozza, *et al.*)

Education, Energy, and the Environment

Environment and Transportation and
Economic Matters

Anaerobic Digestion Technology - Coordination and Guidance

This bill requires the Maryland Department of Agriculture (MDA) to coordinate with the Maryland Energy Administration (MEA), the Maryland Department of the Environment (MDE), the Department of Commerce, the University of Maryland College of Agriculture and Natural Resources (UMD AGNR), the University of Maryland Eastern Shore (UMES), electric companies, farmers, and industry to ensure anaerobic digestion technology projects are not unduly delayed. In addition, MDA, in coordination with MEA, MDE, and Commerce, must establish guidance for farmers regarding the development and implementation of anaerobic digestion technology; the guidance must include specified information.

Fiscal Summary

State Effect: General fund expenditures likely increase by between \$40,000 and \$100,000 only in FY 2025 for one-time contractual services to assist with the development of the required guidance; however, costs could be less, as discussed below. Revenues are not directly affected.

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The guidance must include information on (1) obtaining required permits and electric interconnection; (2) available tax incentives and energy rebates; and

(3) relevant regulations for waste systems, including for systems that incorporate animal waste and other resources, such as food waste.

Current Law:

Animal Waste Technology Fund

Maryland's Animal Waste Technology Fund, which is administered by MDA, provides grants to vendors, businesses, and individuals that (1) conduct research or develop technologies that are intended to reduce the amount of nutrients in animal waste; (2) alter the composition of animal waste; (3) develop alternative waste management strategies; or (4) use animal waste in a production process. The statutory goal of the fund is to encourage the development and implementation of economically feasible technologies that help protect the public health and the environment by reducing the amount of nutrients from animal waste to enable farmers to meet nutrient management requirements and provide alternative animal waste management strategies to farmers.

In September 2023, UMD AGNR published the [Maryland Animal Waste Technology Assessment and Strategy Planning](#) to provide guidance regarding grant awards from the Animal Waste Technology Fund. Among other things, the plan included a recommendation that MDA work more closely with other government agencies, such as MDE and MEA, to create unity in the process of permitting, energy rebates, and tax credits, and in creating a regional approach to funding animal waste technologies.

Anaerobic Digestion Regulation

Anaerobic digestion facilities may be subject to several MDE, MDA and Public Service Commission (PSC) permits, approvals, and regulations. In 2022, MDE issued [Permitting Guidance for Maryland Anaerobic Digestion Facilities](#) to serve as an informational guide to assist prospective anaerobic digestion facilities in identifying applicable State laws and regulations. According to the guidance, potential permits, registrations, and certificates that may be needed for such facilities include:

- from MDE regarding solid waste and recyclable materials, a (1) refuse disposal permit and (2) sewage sludge utilization permit;
- from MDE regarding water, a (1) general permit for stormwater discharges associated with industrial activity; (2) State groundwater discharge permit; (3) municipal or industrial surface water discharge permit; (4) pretreatment permit; and (5) water and sewerage construction permit;
- from MDE regarding air, a (1) permit to construct and (2) permit to operate;
- from the MDA State Chemist Section, a soil conditioner or fertilizer registration; and

- from PSC regarding renewable energy generation, a (1) certificate of public convenience and necessity exemption; (2) standard small generator interconnection agreement; (3) certification of a renewable energy generating facility; and (4) renewable energy credit account. (Anaerobic digestion is recognized as an eligible renewable energy source under the State’s Renewable Energy Portfolio Standard.)

In addition, MDA’s Nutrient Management Program regulates the land application of all soil amendments and issues guidance for [Agricultural Waste Characteristics](#) through the Maryland Nutrient Management Manual.

State Fiscal Effect: General fund expenditures for MDA likely increase by between \$40,000 and \$100,000 only in fiscal 2025 for one-time contractual services to assist with the development of the required guidance. MDA advises that although the bill does not establish a deadline by which the guidance must be developed, the information is of interest to the farming community and the department plans to provide a guidance document as soon as possible. The Department of Legislative Services notes that costs could be less if the information contained in MDE’s existing guidance for anaerobic digestion facilities (discussed above) can be used to inform the guidance developed under the bill.

The other affected State agencies can coordinate with MDA to complete the required guidance using existing budgeted resources.

The bill also requires MDA to coordinate with MEA, MDE, Commerce, UMD AGNR, UMES, electric companies, farmers, and industry to ensure anaerobic digestion technology projects are not unduly delayed. The extent to which this provision may affect State permitting activities relating to such projects is unclear, but it is assumed that it does not have a significant effect on State finances. In addition, although the intent of the bill appears to be to further the deployment of anaerobic digestion technology in the State, this analysis does not address any potential impact on State finances from any additional permitting activity.

Small Business Effect: Any small businesses, such as farmers, who seek to incorporate anaerobic digestion technology into their operations may benefit from the coordination provided by the bill and the guidance developed as a result of the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1466 (Delegate Jacobs) - Rules and Executive Nominations.

Information Source(s): Department of Commerce; University System of Maryland; Maryland Department of Agriculture; Maryland Department of the Environment; Maryland Energy Administration; Department of Legislative Services

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