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Jeff Graf
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David Slaughter



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Paul Bramble
SECRETARY:
Curtis Hall
PRESIDENT:
Tim Smith

March 26, 2024

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: HB 245 – UNFAVORABLE – Department of the Environment – Fees, Penalties, Funding, and Regulation

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee:

Please accept this testimony as our formal opposition to **House Bill 245 – Department of the Environment – Fees, Penalties, Funding and Regulation.**

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms, and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 245 increases permitting fees within the surface mining program in the Department of the Environment (MDE). While we recognize that these fees have remained untouched for years, our association is extremely concerned by the rates of these increases, at over 10 times the current cost. This is simply unsustainable to our members' businesses and not something they can absorb.

Currently, the surface mining program sets a \$1,000 cap annually on permits. The amended bill would raise that cap to \$10,000 in Fiscal Year 25 up to \$12,000 by Fiscal Year 29. **This is a 1,100 percent increase and it will cost our industry an additional \$1 Million annually!!**

These fees will be the highest in our region by far. Compared to states like Virginia, where the fee is \$24 per disturbed acre with an annual license fee of \$330, Maryland's approach will significantly increase operational costs for larger projects. This discrepancy will make Maryland less competitive in attracting large-scale developments or operations. Maryland's fee structure adds a layer of complexity and unpredictability, with fees increasing annually. By contrast, West Virginia offers a straightforward \$500 renewal fee for a five-year period, providing businesses with cost stability and predictability. Maryland's proposed fee structure stands out as potentially the most burdensome. Pennsylvania's model, based on permit type and activities (like blasting), allows for a more nuanced approach that could be seen as more favorable for specific operations.

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It's important to note that the Maryland Code itself states that the General Assembly declares that the extraction of minerals by mining is a basic and essential activity making an important contribution to the economic well-being of the State and the Nation. Making surface mine permit holders pay these significantly increased fees annually jeopardizes the mining of Maryland's recognized assets. Moreover, many mines here in Maryland are not actively being mined. Often, our members maintain our permits because to do otherwise would involve a lengthy re-approval process both with the local zoning department and MDE.

This bill as written will directly impact the costs of obtaining the raw source materials for transportation and building structure projects. Those impacts will be directly felt in the increased costs of all transportation projects. At a time when the Transportation Trust Fund already has a known \$3+B deficit that is growing, this will have a tremendous negative impact on Maryland based businesses.

Given this, our industry strongly recommends creating a workgroup over the interim to review the surface mining program to assess how the program should be appropriately assessed and what the proper fee structure should look like.

We appreciate you taking the time to consider our request, and for the reasons stated above, we respectfully request an **UNFAVORABLE** report on House Bill 245.

Sincerely,

Tim Smith P.E.
President
Maryland Asphalt Association