

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 549 (Senator Derr, et al.)
Judicial Proceedings

Lead Poisoning Prevention Program - Risk Reduction in Housing - Exemption

This bill exempts affected properties from certain Lead Paint Prevention Program requirements until such time as a person at risk inhabits the property. A pregnant woman is no longer defined as a “person at risk.” It eliminates the requirement that 50% of an owner’s affected properties meet risk reduction standards by October 1, 1999; it restricts the 100% risk reduction by October 1, 2004 to those units for which there are persons at risk present.

The bill prohibits a property owner from discriminating against a family because a person at risk is a member of that family.

Fiscal Summary

State Effect: Indeterminate but potentially significant decrease in special fund revenues and expenditures.

Local Effect: Potential indeterminate decrease in expenditures. Revenues would not be affected.

Fiscal Analysis

Background: Chapter 411 of 1994 established the Lead Paint Poisoning Prevention Program. The program provides limited liability relief for owners of rental property built before 1950 and others in exchange for the reduction of lead hazards in these older rental properties and limited compensation of children poisoned by lead. The program also provides increased public health intervention. The program receives funding from property registration fees: \$10 annually for dwellings built before 1950 and \$5 annually for non-affected properties built after 1949. Although the program was due to begin in October

1994, controversy over MDE's proposed regulations delayed full implementation of the program until February 1996.

State Effect: Based on 1990 census data, approximately 160,000 occupied rental units were built before 1950, and 347,000 were built from 1950 to 1978. MDE reports that it currently has no data on the percentage of units that house persons at risk (children under the age of six). However, it is assumed that a large number of these rental properties would be considered exempt under this legislation.

Any increase in exempted properties will affect MDE's Lead Poisoning Prevention Program. MDE plans to accredit private training facilities and trained individuals to do all lead paint abatement work and inspections. While MDE will not actually be inspecting each property itself, it will do spot checks on the private inspectors to ensure that inspections and paperwork are being handled properly. Therefore, any decrease in the percentage of housing units affected will potentially decrease consumer demand for accredited individuals who would pay accreditation fees to MDE, and the number of spot checks that MDE must make.

Application and renewal fees for these accreditations range from \$100 to \$200. To the extent that this legislation results in a decrease in demand for cleanup and inspection services, it is probable that fewer individuals would be applying for accreditations to do this work. Accreditation fee revenues would therefore decrease as would administrative expenditures on accreditation processing. MDE has budgeted \$112,924 for inspection oversight in fiscal 1997; however, the amount of funding needed for this activity could decrease by an indeterminate amount under this legislation.

Under this bill, registration fees revenues could potentially decrease. Currently, owners of affected properties must pay \$10 annually; the fee for a rental dwelling built after 1949 that is not an affected property is \$5 until the fee ceases on December 31, 1999. While the interpretation of this bill's effect on registration fees is not entirely clear, the definition of "affected property" would not include those properties exempted under this bill. A strict interpretation of this language means that registration fees would decrease by an indeterminate amount depending upon the number of properties excluded.

Because the bill allows an individual claiming to have suffered discrimination based on familial status to file a complaint with the Human Relations Commission, commission expenditures could increase by an indeterminate amount if a significant number of complaints are filed.

Local Effect: This legislation would only affect those local housing facilities that do not have lead standards that are equal to or more stringent than the State risk reduction standards.

Baltimore City, for instance, advises that these changes would not affect its own lead paint removal program. However, to the extent that local facilities are not exempted due to their own standards, local expenditures on lead activities could decrease. The amount of any such decrease would depend upon the percentage of housing in which a person at risk would reside.

Information Source(s): Maryland Department of the Environment, Baltimore City, Department of Fiscal Services

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