

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 413 (Senator Van Hollen. *et al.*)

Economic and Environmental Affairs

Chesapeake Bay Poultry Waste Management Act

This bill requires the Maryland Department of the Environment (MDE) and the Department of Agriculture (MDA) to establish regulations governing the proper storage and disposal of excess poultry waste by commercial poultry producers. Beginning July 1, 2002, commercial poultry producers will be required to submit a poultry waste management plan in accordance with regulations promulgated by MDE. Commercial poultry producers that do not comply with any provision of this bill or resulting regulations are subject to civil penalties not to exceed \$3,000 for each day of violation. In addition, producers will be liable for any corrective measures taken by the State as a result of increased risk of pollution or public health hazards due to failure by the producer to comply with excess waste management regulations.

Fiscal Summary

State Effect: General fund expenditures could increase by \$1.76 million in FY 1999. Out-year expenditures reflect annualization and inflation. Potential indeterminate increase in State revenues beginning in FY 2002 as a result of the bill's penalty provision.

| (in dollars) | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|---------------|----------------|---------------|---------------|---------------|
| GF Revenues | \$0 | \$0 | \$0 | -- | -- |
| GF Expenditures | \$1,756,400 | \$1,998,200 | \$2,026,200 | \$2,054,800 | \$1,906,900 |
| Net Effect | (\$1,756,400) | (\$1,998,200)) | (\$2,026,200) | (\$2,054,800) | (\$1,906,900) |

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Potential meaningful impact on small business.

Fiscal Analysis

Background: The Governor's proposed fiscal 1999 operating and capital budgets include \$13.9 million for new water quality initiatives. Of these funds, \$5.25 million is directly targeted at implementing the Governor's legislative proposal (SB 178 /HB 502) to implement new nitrogen- and phosphorus-based nutrient management plans and increase the State's water quality monitoring capabilities.

State Effect: The bill requires commercial poultry producers to develop poultry waste management plans beginning on July 1, 2001 to ensure the proper storage, handling and land application of excess poultry waste. MDA and MDE must establish regulations by July 1, 1999 outlining the proper storage and disposal of excess poultry waste.

The regulations shall be for the purpose of: (1) protecting public health and the environment; (2) assisting farmers in ensuring compliance with nutrient management plans; and (3) preventing the runoff, leaching, or discharge of poultry waste into surface and groundwater. The regulations must include: (1) all required elements of a poultry waste management plan; and (2) technical standards necessary for the proper storage and disposal of excess poultry waste.

Maryland Department of Agriculture

MDA general fund expenditures could increase by an estimated \$1.6 million in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of hiring two Soil Conservation Planners and five Soil Conservation Associates to assist farmers in developing and implementing new poultry waste management plans. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The estimate includes \$177,200 in State cost share funds for the construction of manure storage sheds that could be needed across the State to handle any excess poultry waste. It also includes \$1 million in funding for the University of Maryland Cooperative Extension Service for 21 Contractual Nutrient Management Consultants and associated operating costs.

Maryland Department of the Environment

MDE general fund expenditures could increase by an estimated \$191,900 in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of hiring two Engineers and two Sanitarians to develop and implement the required regulations as well as providing oversight and enforcement of the new regulations. It

includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

State revenues could increase by an indeterminate amount beginning in fiscal 2002 as a result of the bill's penalty provision. A civil penalty, not exceeding \$3,000 for each day of violation, may be assessed to commercial poultry producers for violating any provision of the bill or regulations established as a result of the bill.

Small Business Effect: Many of the farmers who raise poultry for commercial poultry producers are small businesses. Because the responsibility for managing excess poultry waste rests with the commercial poultry producer and not these farmers, it is difficult at this time to determine the impact on the contractual and financial relationship between the commercial producer and farmer.

Information Source(s): Maryland Department of Agriculture, Maryland Department of the Environment

Fiscal Note History: First Reader - February 11, 1998
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