

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1168 (Delegate McHale. *et al.*)
Environmental Matters

Budget & Taxation

Small Business Pollution Compliance Loan Fund

This bill establishes the Small Business Pollution Compliance Loan Fund within the Maryland Department of the Environment (MDE) to be administered in conjunction with the Board of Public Works (BPW). The purpose of the fund is to provide loans to “small businesses” for the upgrade and replacement of capital equipment necessary for compliance with air emission standards. This includes the purchase and installation of air pollution control equipment and the purchase and installation of equipment to make operational changes and modify production practices related to air pollution control. A small business is defined as an enterprise that employs 25 or fewer full-time employees. MDE is required to adopt regulations to administer the fund and to establish loan eligibility criteria. A single loan may not exceed \$50,000 and aggregate loans to a single applicant for a one-year period may not exceed \$100,000 unless the Secretary of the Environment determines that extraordinary circumstances exist.

The bill requests the Governor to include initial funding for the fund.

This bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Potential indeterminate general fund expenditure increase beginning in FY 2000.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Effect: The bill requests the Governor to provide initial funding for the fund beginning in fiscal 2000. At this time the amount of any funds that may be provided cannot be reliably estimated.

In order to administer the program, MDE advises that it would need two full-time positions (one Public Health Engineer, “ Attorney, and “ Loan Officer) beginning in fiscal 2000.

The Department of Legislative Services (DLS) advises, however, that there is no basis upon which to estimate the number of loan applications that will be received by MDE. DLS further advises that until the volume of loan applications is known, any initial loan applications could be processed by MDE with existing staff resources. If existing resources prove inadequate, depending upon the volume of applications received the processing and tracking of these applications could be done in a more cost effective manner by part-time or contractual employees rather than permanent employees.

The Board of Public Works advises that any additional administrative activities associated with carrying out the provisions of the bill could be handled with existing resources.

Small Business Effect: Small businesses that qualify for a loan from the fund to finance the upgrading of equipment related to air pollution control would be positively impacted to the extent they receive loans at below market interest rates.

Information Source(s): Maryland Department of the Environment, Board of Public Works, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 1998
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