

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**

House Joint Resolution 6 (Delegate Rosso. *et al.*)

Environmental Matters

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**Promoting Environmental Justice in Zip Code 21226**

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This joint resolution provides that the Maryland Department of the Environment (MDE) should develop and implement a plan to promote environmental justice for the area of zip code 21226 and should delineate specific areas of concern within that zip code where additional or expanded industrial activity should not take place due to environmental justice concerns. MDE should include in its plan a statement of intent that it will prohibit further issuance of environmental permits for industrial facilities in designated areas of concern in zip code 21226.

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**Fiscal Summary**

**State Effect:** Compliance with this joint resolution could increase general fund expenditures by \$78,100 in FY 2001 to delineate areas of concern and to develop, implement, and monitor the plan. Future year estimates are annualized, adjusted for inflation, and reflect decreasing salary costs beginning in FY 2004. Potential decrease in general and special fund revenues.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Revenues	(-)	(-)	(-)	(-)	(-)
GF Expenditures	78,100	97,300	100,900	59,200	62,000
Net Effect	(\$78,100)	(\$97,300)	(\$100,900)	(\$59,200)	(\$62,000)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Potential decrease in revenues. No effect on expenditures.

**Small Business Effect:** Potential meaningful.

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## Analysis

**Current Law:** MDE is not required to delineate between zip code 21226 and other zip codes when issuing environmental permits.

**Background:** Maryland has the seventh highest cancer mortality rate among states. A 1996 report by the Maryland Cancer Consortium found that from 1988 to 1992, Anne Arundel County had the highest cancer mortality rate of any Maryland county west of the Chesapeake Bay. Anne Arundel County is also classified as being in severe nonattainment of federal standards regarding ozone pollution. The zip code of 21226 is located within Northern Anne Arundel County and Southern Baltimore City. The residents in this area, primarily low-income individuals, are exposed to a high concentration of chemicals due to the heavy industrial activity concentrated in that zip code.

MDE issues 62 types of environmental approvals or permits. In zip code 21226, MDE has issued 169 permits to major facilities as follows: 24 air quality permits to construct, 37 air quality permits to operate, 17 air quality part 70 operating permits, 30 industrial surface discharge permits, 29 general industrial stormwater permits, and 32 oil operations permits for above ground oil storage tanks and transportation. MDE also issues permits to smaller businesses such as restaurants and drycleaners in the zip code.

**State Expenditures:** If MDE complies with the joint resolution, general fund expenditures could increase by an estimated \$78,100 in fiscal 2001, which reflects a 90-day start-up delay. This estimate reflects the cost of hiring one permanent water resources engineer and one contractual environmental specialist to develop an environmental justice plan for zip code 21226, conduct risk analyses and other research in order to delineate areas of concern, and to implement and monitor the plan. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$70,900
Equipment	6,500
Other Operating Expenses	<u>700</u>
<b>Total FY 2001 State Expenditures</b>	<b>\$78,100</b>

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover for the permanent position and 2.4% annual increases for the contractual position; and (2) 1% annual increases in ongoing operating expenses. The estimate assumes that areas of concern would be delineated by the end of fiscal 2003 and thus the contractual

employee would not be needed after that date.

**State Revenues:** To the extent that the joint resolution results in the prohibition of issuing permits and permit renewals to facilities in areas of concern, revenues could decrease as a result of a decrease in permit application and renewal fees. Any such decrease is speculative and cannot be reliably estimated at this time. Current permit application fees for major permits in zip code 21226 range from \$25 to over \$20,000, and current permit renewal fees for major permits in zip code 21226 range from \$50 to over \$270,000.

If facilities are prohibited from obtaining permits in areas of concern, State income tax revenues could decline. Legislative Services advises, however, that any such decrease is speculative and cannot be quantified at this time.

**Local Revenues:** To the extent that compliance with this joint resolution prohibits the renewal of existing facilities or limits the expansion of proposed facilities, it could result in a decrease in property tax revenues in areas of concern. To the extent that State corporate income taxes decline, local revenues from the Transportation Trust Fund (TTF) would decline by 30% of the decrease in TTF revenues.

**Small Business Effect:** If the joint resolution results in the prohibition of permit renewals for ongoing operations in areas of concern, it would eventually lead to the closing of environmentally permitted businesses in those areas. Small businesses wishing to locate or expand in areas of concern within zip code 21226 could be prohibited from receiving a permit from MDE.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2000  
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