

**Department of Legislative Services**  
 Maryland General Assembly  
 2001 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 744 (Senator Van Hollen, *et al.*)

Economic and Environmental Affairs

Environmental Matters

**Maryland Water Conservation Act**

This bill relates to the development and implementation of approved water conservation plans by community water systems and applicants for financial assistance for a water project. The Maryland Department of the Environment (MDE) must adopt regulations by December 31, 2002.

**Fiscal Summary**

**State Effect:** General fund expenditure increase of \$36,400 in FY 2002 to develop and implement regulations relating to water conservation. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating expenses. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	36,400	44,100	46,500	49,100	51,800
Net Effect	(\$36,400)	(\$44,100)	(\$46,500)	(\$49,100)	(\$51,800)

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

**Local Effect:** Potential significant increase in expenditures for some local jurisdictions to develop and implement a water conservation plan. In the long run, implementation costs should be offset by savings achieved through greater system efficiency. Potential decrease in local revenues from water service due to any decrease in the volume of water being supplied. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Minimal.

## **Analysis**

**Bill Summary:** The bill states that it is the policy of the State to: (1) encourage investment in cost-effective measures that improve the efficiency with which water is used; (2) reduce costs associated with providing drinking water to the general public and with treating wastewater; (3) protect the State's natural resources; and (4) determine which best management practices for efficient water use and conservation are optimally incorporated into the application processes for water-related permits and related financial assistance, and to encourage voluntary adoption of best management practices wherever appropriate.

This bill requires that an approved water conservation plan be developed and implemented by: (1) a community water system serving a population of at least 10,000 individuals that does not have a water appropriation permit or applies for a new or amended water appropriation permit or for the renewal of an existing permit, as a condition of receiving the permit or permit renewal; and (2) except for an agricultural operation, an applicant for financial assistance for a water project through the Maryland Water Quality Revolving Loan Fund or any other State funding source as a condition of receiving the financial assistance.

A community water system or an applicant for financial assistance that is required to develop and implement an approved water conservation plan must measure and evaluate the effectiveness of the plan at least once every five years and report its review and findings to MDE. The bill outlines the required elements of the plan and provides that a community water system or an applicant may evaluate additional water conservation measures that may improve water management and water use efficiency.

The bill applies to: (1) a community water system that does not have a water appropriation permit as of January 1, 2003; and (2) a water appropriation permit application or an application for State financial assistance for a water project that is filed on or after January 1, 2003.

MDE must adopt regulations, in consultation with the State Plumbing Board on issues of mutual interest, to implement the bill by December 31, 2002. MDE must encourage water suppliers to adopt voluntary water conservation practices, including water conservation plans, before the bill's effective date. In reviewing and approving plans, MDE must consider local initiatives, preferences, and existing efforts that meet the goals of the bill. If MDE disapproves a submitted plan, MDE must affirmatively demonstrate that the plan fails to meet the goals of the bill. MDE must also meet with all interested stakeholders and the public and provide an opportunity for public comment regarding the formulation of best management practices, regulatory standards, and processes for the

development, approval, and implementation of approved water conservation plans. By December 31, 2003, MDE must report to the Governor and specified committees of the General Assembly regarding progress in State water conservation measures realized as a result of the bill.

**Current Law:** None applicable.

**State Expenditures:** General fund expenditures could increase by an estimated \$36,400 in fiscal 2002, which accounts for the bill's October 1, 2001 effective date. This estimate reflects the cost of hiring one public health engineer to develop regulations, coordinate and hold public hearings on proposed regulations, review proposed water conservation plans, oversee plan implementation, and review progress reports and proposed revisions. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- approximately 30 community water systems would be required to submit water conservation plans pursuant to the bill; and
- approximately six recipients of financial assistance per year would be required to submit water conservation plans pursuant to the bill.

Salary and Fringe Benefits	\$30,800
Equipment and Operating Expenses	<u>5,600</u>
<b>Total FY 2002 State Expenditures</b>	<b>\$36,400</b>

Future year expenditures reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase each year thereafter, with 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

**Local Fiscal Effect:** A local jurisdiction that applies for a new or amended water appropriation permit or permit renewal or that applies for and receives specified financial assistance on or after January 1, 2003 would be required to develop and implement a water conservation plan. A local jurisdiction that operates a community water system that does not have a water appropriation permit as of January 1, 2003 would also be subject to the bill's requirements. The cost of developing a water conservation plan is estimated to range from several hundred to several thousand dollars depending on the size of the system. Implementation of the plans could also increase costs, although in the long run, implementation costs are anticipated to be offset by savings achieved through greater system efficiency. The Washington Suburban Sanitary Commission (WSSC)

reports that it would need to hire a water conservation coordinator to develop and implement the plan. The WSSC advises that it could cost \$150,000 to \$200,000 to develop the plan, approximately \$64,000 annually for the salary and benefits of the coordinator, and approximately \$150,000 annually for the implementation of an education program. The WSSC advises that in the long run, the costs of the education program would be offset by savings achieved through greater system efficiency.

To the extent that the implementation of conservation plans reduces the volume of water being supplied, local revenues for water service will decrease. To the extent that consumption is reduced more quickly than savings are achieved, some local jurisdictions may increase water rates.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment; Washington Suburban Sanitary Commission; Calvert, Caroline, Howard, Montgomery, and Prince George's counties; Department of Legislative Services

**Fiscal Note History:** First Reader – March 2, 2001  
jm/cer Revised – Updated Information – March 5, 2001  
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Analysis by: Lesley Frymier

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510