

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

House Bill 272 (Delegate McIntosh)  
 Environmental Matters

**Environment – Lead Poisoning Prevention – Fees**

This bill increases two fees associated with the Lead Poisoning Prevention Program within the Maryland Department of the Environment (MDE). Specifically, it increases the annual registration fee for an affected property from \$10 per unit to \$50 per unit and increases the one-time lead-free report processing fee from \$5 to \$25.

**Fiscal Summary**

**State Effect:** Special fund revenues would increase by \$2.69 million annually beginning in FY 2005 due to the fee increases. The bill would not require additional expenditures.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$2,690,000	\$2,690,000	\$2,690,000	\$2,690,000	\$2,690,000
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$2,690,000	\$2,690,000	\$2,690,000	\$2,690,000	\$2,690,000

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

**Local Effect:** Potential increase in local grant revenues for lead poisoning prevention outreach activities.

**Small Business Effect:** Minimal, based on the assumptions discussed below.

**Analysis**

**Current Law:** Chapter 114 of 1994 established the Lead Poisoning Prevention Program in MDE. The program provides limited liability relief for owners of affected property (generally, rental property built before 1950) and others in exchange for the reduction of

lead hazards in these older rental properties and limited compensation for children poisoned by lead. MDE is the State's leading agency because it identifies and monitors properties contaminated with lead paint. The annual registration fee for an affected property is \$10 per unit. An owner of a rental unit who submits a report to MDE that the rental unit is lead-free is subject to a one-time \$5 processing fee. Fees are paid into the Lead Poisoning Prevention Fund in MDE.

**Background:** Lead poisoning impacts the cognitive and physical development of young children. Children are exposed to lead through breathing lead paint dust, eating lead paint chips, or absorbing lead while in-utero. Most of the exposures to lead can be eliminated by removing lead paint from the homes of children and pregnant women. Although the number of cases of childhood lead poisoning in Maryland has decreased significantly over the past few years (from 1,830 cases in 1996 to 260 cases in 2002), lead paint remains a significant health issue.

**State Revenues:** Special fund revenues would increase by \$2.69 million annually beginning in fiscal 2005 (\$2.6 million from the increase in the registration fee and \$90,000 from the increase in the lead-free report processing fee).

In fiscal 2003, MDE collected registration and renewal fees from almost 65,000 units (including units constructed pre-1950, whose owners are required to submit the fee, as well as units constructed from 1950 to 1978, whose owners opt in). The current fee, which is \$10 per unit, generated almost \$650,000 in fiscal 2003. Under this bill, the fee would increase to \$50. Assuming the number of registered properties remains the same, revenues from registration fees would increase by an estimated \$2.6 million annually.

In fiscal 2003, MDE received lead-free reports from almost 4,500 units. The current fee of \$5 generated almost \$22,500 in fiscal 2003. Under this bill, the fee would increase to \$25. Assuming the number of lead-free reports received by MDE remains the same, revenues from processing fees would increase by an estimated \$90,000 annually.

**Local Effect:** Since fiscal 1999, MDE has offered grants to local environmental health agencies for outreach to parents, tenants, and rental property owners. Currently, 21 of the 24 jurisdictions participate in this outreach program. MDE advises that grants to local governments have decreased in recent years due to the State's fiscal condition. In fiscal 2003, MDE provided approximately \$200,000 in grants to Baltimore City and approximately \$30,000 to each county; in fiscal 2004, MDE anticipates providing approximately \$148,000 to Baltimore City and a total of \$372,000 to the counties. MDE advises that it could use some of the additional revenue generated by this bill to restore funding to local jurisdictions for outreach and educational activities.

**Small Business Effect:** Of the 22,972 rental property owners that have registered their properties with MDE, 21,297 (93%) own four or fewer rental units. Assuming affected properties are not vacant, and assuming property owners are able to pass the additional costs on to renters in the form of higher rents, the increase in the registration fee will not have a significant impact.

**Additional Comments:** The Governor's proposed fiscal 2005 budget includes approximately \$1.4 million in general funds, \$1.5 million in special funds, and \$1.4 million in federal funds for MDE's Lead Poisoning Prevention Program. Budget language specifies that the general fund appropriation shall be reduced by \$350,000 contingent upon the enactment of legislation to increase fees for services within the program and remove restrictions on the use of funds.

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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 4, 2004  
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