

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 113 (Delegate Morhaim)
Environmental Matters

Environment - Construction of Wells - Minimum Yield

This bill prohibits the Maryland Department of the Environment (MDE) from adopting regulations that authorize the approval of a domestic well with a yield of less than four gallons per minute (gpm).

Fiscal Summary

State Effect: The bill would not materially affect State operations or finances. MDE delegates approval authority for well permits to local environmental health agencies.

Local Effect: In the Piedmont Region and in Western Maryland, local revenues from building permit fees could decrease to the extent the bill results in an increase in the number of unbuildable lots.

Small Business Effect: Potential meaningful impact on well drillers and the home building and related industries.

Analysis

Current Law: MDE regulates the construction of wells but delegates approval authority for well permits to local environmental health agencies. Before MDE adopts any rule or regulation that relates to the construction of wells, it must submit the proposed rule or regulation to the State Board of Well Drillers for comment. Current regulations governing domestic well construction require a minimum yield of one gpm.

Background: According to MDE, based on data from 2000 through 2002, 26% of domestic well permits issued in 10 counties reported a yield of less than four gpm, as shown in **Exhibit 1**.

Exhibit 1
Domestic Well Permits Issued with Reported Yield <4 gpm
Calendar 2000 through 2002

<u>County</u>	<u>Number of Domestic Wells with Yield <4gpm</u>	<u>Total Number of Domestic Well Permits Issued</u>	<u>% of Total Wells with Yield <4gpm</u>
Baltimore	525	1,235	42.5
Carroll	372	1,645	22.6
Harford	332	1,494	22.2
Cecil	186	1,127*	16.5
Howard	221	638	34.6
Montgomery	144	601	23.9
Frederick	314	1,097	28.6
Washington	136	1,020	13.3
Allegany	54	243	22.2
Garrett	184	397	46.3
Total	2,468	9,497	26.0

*Hard rock area only

Source: Maryland Department of the Environment

Concern regarding the State's water supplies heightened during the droughts of 2001 and 2002, when a number of wells went dry. According to MDE, in Baltimore County, 541 replacement wells were drilled in 2002.

Local Revenues: In the Piedmont Region and in Western Maryland, the bill could have a negative impact on local building permit fee revenues. According to MDE, in these hard rock areas, it may not be possible to meet the bill's proposed minimum yield of four gpm. (While MDE reports that, between 2000 and 2002, 26% of domestic wells drilled in 10 counties had a reported yield of less than four gpm, there is no way of knowing how many of these could have met the proposed minimum yield.) Some counties, such as Baltimore County, do not issue building permits until wells are constructed. In those counties, the bill could result in a decrease in local revenues from building permit fees to the extent the bill results in an increase in the number of unbuildable lots. Other counties, such as Howard County, issue building permits prior to well construction. In those

counties, local revenues from building permit fees would likely be unaffected. If the bill results in unbuildable lots, local property tax revenues may be negatively affected; however, this would likely be offset by a decrease in local expenditures for government services that otherwise would have been provided.

In other areas of the State, the bill is not expected to have a significant impact. For example, Caroline County reports that the impact in that county would be minimal, as virtually all new wells produce at least four gpm.

The bill is not anticipated to result in a significant increase or decrease in the number of well permits issued by local environmental health agencies.

Small Business Effect: Well drillers would likely benefit as a result of the proposed minimum yield of four gpm; to meet that yield, they may have to dig additional holes and/or deeper holes on any given lot, resulting in an increase in costs to the lot owner. In addition, well drillers could benefit if the bill results in additional wells that need to be abandoned. To the extent the bill results in unbuildable lots, the home building industry and related industries (real estate, for example) could be significantly affected.

Additional Comments: Any increase in costs associated with additional well drilling would likely be passed on to lot owners. Lot owners may find that their lots are unbuildable if their wells cannot meet the proposed minimum yield. In some cases, houses may already be under construction, resulting in significant costs to lot owners. In addition, because the proposed minimum yield would also apply to replacement wells, homeowners may find that they cannot augment their existing wells if the new wells do not meet the proposed minimum yield.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mh/ljm

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