

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1356 (Delegate Donoghue)
Environmental Matters

City of Hagerstown - Surcharge on Users of Wastewater Facilities - Prohibition

This bill prohibits the State from imposing a surcharge on residents of the City of Hagerstown for using wastewater facilities in the State.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Under current law, the bill has no effect, as the State does not currently assess such a surcharge. However, if the Administration's proposal to establish such a surcharge (SB 320/HB 555) is enacted as introduced, the bill could reduce special fund revenues to the proposed Chesapeake Bay Watershed Restoration Fund (CBWRF) by approximately \$382,000 annually beginning in FY 2005.

Local Effect: Under current law, the bill has no effect. However, under the bill, if the Administration's proposal is enacted, the City of Hagerstown would not be required to collect the proposed surcharge from city residents, and would, therefore, not retain 3% of those collections (estimated at \$11,800 annually). The city's wastewater treatment plant would still, however, be eligible for funding from the proposed CBWRF.

Small Business Effect: None.

Analysis

Current Law: The State does not currently impose a surcharge for using wastewater facilities in the State.

Background: The Administration has proposed legislation (SB 320/HB 555) that would establish a surcharge on users of wastewater facilities in the State to fund upgrades to the State's wastewater treatment plants (WWTPs) to achieve "enhanced nutrient removal" in order to reduce nutrients being discharged into the Chesapeake Bay. As introduced, the proposed surcharge is \$2.50 per month, or \$30 annually, for each residential dwelling in the State. The surcharge for nonresidential users would be based on the amount of wastewater generated. Fees are to be collected by the billing authority for the wastewater facility on behalf of the State; billing authorities may retain 3% of surcharge collections for administrative costs. Subject to approval by the Water Quality Financing Administration of the Maryland Department of the Environment (MDE), the bills authorize a local government to establish a program to exempt from the surcharge households able to demonstrate financial hardship.

According to MDE, the City of Hagerstown has a major WWTP that needs to be upgraded and would, therefore, benefit from the proposed CBWRF.

State Fiscal Effect: Under current law, the bill would have no impact, as the State does not currently assess such a surcharge. However, if the Administration's proposal to establish such a surcharge (SB 320/HB 555) is enacted as introduced, the bill could reduce special fund revenues to the proposed CBWRF by an estimated \$382,025 annually beginning in fiscal 2005. This estimate is based on the estimated number of households in the City of Hagerstown (13,128) that would otherwise be subject to the proposed \$30 annual surcharge (absent any hardship exemptions provided) and is net of the 3% a local billing authority would retain to offset administrative costs to collect the surcharge.

Total surcharge collections, including the 3% retained by the billing authority, would decrease by an estimated \$393,840 annually. Under the Administration's proposal as introduced, including surcharges assessed residents of the City of Hagerstown, surcharge collections are estimated to total approximately \$65 million annually.

Local Fiscal Effect: If the Administration's proposal is enacted as introduced, under this bill, the City of Hagerstown would not be required to collect the proposed surcharge from city residents, and would, therefore, not retain 3% of such collections for the purpose of offsetting administrative costs (estimated at \$11,815 annually). The city's WWTP would still, however, be eligible for funding from the proposed CBWRF.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 17, 2004
ncs/ljm

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