

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 711

(Delegate Kach, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Oil Discharge - Groundwater Contamination - Reimbursement for Costs

This bill requires a person responsible for specified groundwater contamination to reimburse specified property owners for costs incurred, up to \$250, for testing for groundwater contamination. Reimbursement is limited to the costs for conducting one test for each notice received by a property owner in accordance with Chapter 539 of 2005.

Fiscal Summary

State Effect: The bill could result in an increase in State expenditures (of an estimated \$50,000 per event) if a State agency is a responsible person required to reimburse property owners under the bill. On the other hand, if a State agency is an affected property owner, it could become eligible for reimbursement by a responsible person for costs incurred for groundwater testing.

Local Effect: The bill could result in an increase in local expenditures (of an estimated \$50,000 per event) if a local government is a responsible person required to reimburse property owners under the bill. On the other hand, if a local government is an affected property owner, it could become eligible for reimbursement by a responsible person for costs incurred for groundwater testing.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapter 539 of 2005 requires the Maryland Department of the Environment (MDE), upon a finding that specified contaminants are present in a

monitoring well located in a high-risk groundwater use area in excess of specified levels, to notify the appropriate local health department. The local health department must then notify each owner of property located within one-half mile of the site from which the sample was taken. The person responsible for the oil discharge must reimburse the local health department for the costs associated with providing the required notice.

Background: According to MDE, since Chapter 539 took effect on October 1, 2005, there have been seven notifications in Baltimore, Carroll, Frederick, and Harford counties. Current regulations define a “high risk groundwater use area” as all areas served by individual wells in Anne Arundel, Baltimore, Carroll, Cecil, Charles, Calvert, Frederick, Harford, Howard, Montgomery, and Prince George’s counties.

MDE anticipates an estimated 120 new oil cases per year within high-risk groundwater areas that would trigger the notification requirements. (Although only 7 notifications have been made since October 1, 2005, MDE advises that it anticipates an average of 10 per month because more notifications are anticipated during the warmer months.) MDE further estimates that approximately 200 properties lie within a one-half mile radius of the average site that requires notification. According to MDE, the sampling required to detect the compounds of concern averages \$250.

Based on information provided by Harford County, MDE currently determines if the responsible person has to perform any sampling, which is the responsibility of the responsible person. However, the required sampling may only pertain to immediately adjacent properties if there is no indication that the contamination has migrated off-site. In these cases, however, the other property owners that were notified of the contamination (those within a one-half mile radius of the site) may also want to have their water tested. While the local health department may test some wells where it determines there is a need, for other property owners, the local health department may recommend that they have their water tested on their own. This bill would provide a means for property owners who receive notification pursuant to Chapter 539 of 2005 to recoup costs incurred for such testing.

State/Local Fiscal Effect: State agencies and local jurisdictions could be responsible persons that would be required to reimburse property owners for the testing of groundwater contamination, up to \$250 each. Although the number of future incidents in which the State or a local jurisdiction would be the responsible person cannot be reliably estimated at this time, assuming an average of 200 properties per notification at a cost of \$250 each, costs to reimburse property owners could total \$50,000 per event. On the other hand, if an affected property owner is a State agency or local jurisdiction, the entity could benefit from being able to recoup its testing costs (up to \$250).

Some tests may currently be conducted by local health departments and analyzed by the Department of Health and Mental Hygiene's (DHMH) State lab at no charge to the property owner; to the extent this bill results in a decrease in the number of such tests conducted, the bill could result in a decrease in associated costs. It is assumed, however, that this would not have a significant impact on the finances of the State lab.

DHMH advises that the State lab is not equipped to handle a significant number of samples; accordingly, local health departments generally recommend that property owners use private labs for testing.

Small Business Effect: Any small business deemed a responsible person could be required to pay an estimated \$50,000 per event in reimbursements to property owners, as described above. On the other hand, if an affected property owner is a small business, the owner could benefit from being able to recoup its testing costs (up to \$250). Private labs could benefit to the extent the bill results in an increase in demand for their services.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of Health and Mental Hygiene, Harford County, Department of Legislative Services

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