

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1326 (Delegate Frush)
 Environmental Matters

Environment - Groundwater Contamination - Notification and Reimbursement of Costs

This bill modifies specified notification and reimbursement provisions relating to groundwater contamination to provide that the Maryland Department of the Environment (MDE) is responsible for providing the required notice. If a county and MDE agree, the county would provide the notice. Reimbursement of notification costs would be provided to either MDE or the county, as appropriate.

Fiscal Summary

State Effect: Special fund expenditures could increase by \$157,400 in FY 2007 for MDE to provide the required notice; it is assumed that reimbursements from responsible parties would generally offset those costs. Future year estimates are annualized and reflect ongoing operating expenses.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$157,400	\$189,800	\$196,600	\$203,900	\$211,700
SF Expenditure	157,400	189,800	196,600	203,900	211,700
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: Assuming that affected counties would *not* agree to provide the required notice, local expenditures would decrease; reimbursements for related costs also would decrease.

Small Business Effect: None.

Analysis

Current Law: Chapter 539 of 2005 requires 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.

State Fiscal Effect: Special fund expenditures could increase by an estimated \$157,381 in fiscal 2007, which accounts for the bill’s October 1, 2006 effective date. This estimate reflects the cost of hiring one geologist and one administrative aide within MDE to research property records, conduct the required notifications, and address anticipated public response. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including mailing costs. The estimate assumes that counties would *not* agree to be responsible for the required notice, and that MDE would be required to conduct notifications for 120 cases each year. (Although only seven 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.) To the extent that any counties agree to provide the notice and/or the number of cases varies from the estimate, total costs (and the number of staff needed) would vary accordingly.

Salaries and Fringe Benefits	\$70,094
Mailings	67,950
Equipment/Other Operating Expenses	<u>19,337</u>
Total FY 2007 State Expenditures	\$157,381

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Because responsible parties would be required to reimburse MDE for the costs associated with providing the required notice, for purposes of this fiscal note, it is assumed that such

reimbursements would offset MDE's costs each year. However, MDE advises that there are approximately five oil cases per year where no responsible parties can be identified; accordingly, it is possible that MDE would have to absorb some of its costs each year. It is assumed that any unrecoverable costs would not be significant, however.

Local Fiscal Effect: The bill repeals the mandate that local health departments provide the required notice; accordingly, it is reasonable to assume that affected counties would *not* agree to be responsible for doing so. Accordingly, the bill would result in a decrease in costs and associated reimbursements. Based on information from the four local health departments that have performed the notifications since October 1, 2005, MDE advises that the average cost is \$1,500 per event.

Additional Information

Prior Introductions: None.

Cross File: SB 416 (Senator Conway, *et al.*), is designated as a cross file although it is not identical.

Information Source(s): Maryland Department of the Environment, Department of Health and Mental Hygiene, Baltimore City, Caroline County, Howard County, Montgomery County, Department of Legislative Services

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