

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Joint Resolution 7 (Delegate V. Clagett)

Rules and Executive Nominations

Education, Health, and Environmental  
Affairs

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**Chesapeake Bay - Cleanup and Restoration - Federal Funding**

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This joint resolution states that the President of the United States be urged to reconsider his budget proposal regarding the Chesapeake Bay and maintain current levels of federal funding for Chesapeake Bay cleanup and restoration efforts, such as sewage treatment plant upgrades, oyster restoration, and other existing and beneficial programs that are designed to improve the health of the bay.

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**Fiscal Summary**

**State Effect:** Compliance with this joint resolution would not directly affect State finances. If the President reconsiders his budget proposal, federal fund revenues could be affected.

**Local Effect:** Compliance with this joint resolution would not directly affect local finances.

**Small Business Effect:** None.

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**Analysis**

**Current Law/Background:** The Chesapeake Bay is America's largest and most productive estuary with 6,000 miles of shoreline and the ability to produce over half a billion pounds of seafood each year. By the early 1980s, however, it became clear that the quality and productivity of the bay was in serious decline. In response to this trend, in 1983, the bay states, the District of Columbia, the Chesapeake Bay Commission, and the federal government signed the first Bay Agreement, which set out a list of broad objectives for bay restoration. A more aggressive agreement was signed in 1987, but, by

the end of the 1990s, the bay was still in decline. In 1999, the U.S. Environmental Protection Agency (EPA) identified the bay as an impaired water body. In 2000, the Chesapeake Bay partners negotiated the Chesapeake Bay 2000 Agreement (C2K), which laid out a new framework of bold restoration goals. As part of C2K, specific pollution reduction goals have been allocated to the various bay states. Maryland's reduction goals and progress are summarized in **Exhibit 1**.

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**Exhibit 1**  
**Maryland's Chesapeake Bay Pollution Reduction Goals**

<u>Pollutant</u>	<u>1985 Loads</u>	<u>2003 Loads</u>	<u>2010 Goal</u>
Nitrogen (million lbs/year)	82.4	57.7	37.3
Phosphorus (million lbs/year)	6.8	3.8	2.9
Sediment (million tons/year)	1.3	1.0	0.7

Source: U.S. EPA's Chesapeake Bay Program

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On February 24, 2006, a draft of Maryland's Chesapeake Bay Tributary Strategy Implementation Plan was released; the draft plan details programs and policies already underway as well as new initiatives that will be needed for the State to reach its C2K goals. Examples of efforts already underway include:

- Bay Restoration Fund – The Bay Restoration Fund was created in 2004 (Chapter 428) to provide grants for Enhanced Nutrient Removal (ENR) upgrades to the State's major wastewater treatment plants (WWTPs). The fund is financed by a bay restoration fee on users of WWTPs, septic systems, and sewage holding tanks. While ENR grants are the fund's primary expenditure, funds are also being dedicated to sewer infrastructure grants, septic grants/loans, and the Maryland Department of Agriculture's Cover Crop Program.
- Chesapeake Bay Regional Financing Authority – In October 2004, the Chesapeake Bay Watershed Blue Ribbon Finance Panel called on bay states and the federal government to make a six-year, \$15 billion investment in the creation of a regional financing authority to prioritize and distribute restoration funds throughout the watershed. In July 2005, the Chesapeake Bay Program's Financing Authority Committee released a paper outlining a potential organizational framework for the financing authority and recommending meetings to discuss the proposed framework and associated implementation issues.

- Corsica River Pilot Project – The recently announced Corsica River Pilot Project seeks to remove this Eastern Shore waterway from the EPA’s List of Impaired Waters. This initiative intends to initially focus on reducing nutrient pollution and sediment runoff through urban, suburban, and agricultural best management practices, and restoring bay grasses and oyster habitat. An estimated \$19.4 million will be targeted to this project over the next five years.
- Chesapeake Bay Recovery Partnership – In September 2005, the Department of Natural Resources announced the creation of a “Chesapeake Bay Recovery Partnership” with Chesapeake Appreciation, Inc., a not-for-profit corporation. The partnership’s goal is to raise funds for large-scale bay restoration projects. One of the partnership’s first fundraising ventures is selling bottled water from a Howard County aquifer.

While some important progress has been made, a significant increase in resources, coupled with the implementation of more cost-effective, high-impact bay restoration strategies, will be needed. According to a draft Tributary Strategy funding analysis, Maryland’s existing funding sources will cover only 39% of the estimated \$10 billion needed to implement the State’s strategy through 2010.

The President’s federal budget for 2007 proposes to cut funding for several programs relating to bay restoration activities. The total amount of funding that Maryland stands to lose cannot be reliably estimated at this time.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Maryland Department of the Environment, Maryland Department of Agriculture, U.S. Environmental Protection Agency (Chesapeake Bay Program), Chesapeake Bay Foundation, Department of Legislative Services

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