

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

Senate Bill 254 (Senator Conway)
 Education, Health, and Environmental Affairs

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 MDE and a local health department agree, the local health department would continue to provide the notice, as required under current law. Reimbursement of notification costs would be provided to either MDE or the local health department, as appropriate.

Fiscal Summary

State Effect: Special fund expenditures could increase by \$14,800 in FY 2008 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 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$14,800	\$19,900	\$20,100	\$20,300	\$20,500
SF Expenditure	14,800	19,900	20,100	20,300	20,500
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 local health departments 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, such as methyl tertiary butyl ether (MTBE), 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, MDE has notified local health departments of 14 sites with groundwater contamination in four counties (Baltimore, Carroll, Frederick, and Harford). 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 \$14,798 in fiscal 2008, which accounts for the bill’s October 1, 2007 effective date. This estimate reflects mailing and supply costs. It assumes that counties would *not* agree to be responsible for the required notice, and that MDE would be required to conduct notifications for 20 cases each year. To the extent that any counties agree to provide the notice and/or the number of cases varies from the estimate, total costs would vary accordingly.

Mailings	\$14,640
Supplies	<u> 158</u>
Total FY 2008 State Expenditures	\$14,798

Future year expenditures reflect annualization and 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. MDE advises, however, that there could be one or two 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.

Legislative Services notes that, due to a decrease in the use of MTBE as an oxygenate, the number of sites requiring notification should decrease over time; accordingly, costs could decrease in the out-years.

Local Fiscal Effect: The bill repeals the mandate that local health departments provide the required notice; accordingly, it is reasonable to assume that affected local health departments 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. Frederick County reports that, based on one case per year, local health department expenditures in that county would decrease by approximately \$1,250 annually. Baltimore County reports that, assuming four cases per year, county expenditures would decrease by approximately \$4,000 annually.

Additional Information

Prior Introductions: Similar legislation was introduced as SB 416/HB 1326 of 2006. SB 416 passed the Senate with amendments and was reported favorably with amendments by the House Environmental Matters Committee, but no further action was taken. HB 1326 was referred to the House Environmental Matters Committee but was subsequently withdrawn.

Cross File: HB 72 (Delegates McIntosh and Glassman) – Environmental Matters.

Information Source(s): Maryland Department of the Environment, Department of Health and Mental Hygiene, Anne Arundel County, Baltimore County, Dorchester County, Frederick County, Garrett County, Harford County, Montgomery County, Department of Legislative Services

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