

HOUSE BILL 369

M1, M3

8lr0261
CF SB 213

By: **The Speaker (By Request - Administration) and Delegates McIntosh, Bobo, Busch, Cardin, V. Clagett, Holmes, Hubbard, Lafferty, Malone, Manno, Montgomery, Niemann, Pena-Melnyk, Sophocleus, ~~and Stein~~ Stein, Ali, Beidle, Carr, Frush, Glenn, Healey, Hucker, Sossi, and Weir**

Introduced and read first time: January 25, 2008

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 2008

CHAPTER _____

1 AN ACT concerning

2 **Chesapeake ~~Bay~~ and Atlantic Coastal Bays 2010 Trust Fund and Nonpoint**
3 **Source Fund**

4 FOR the purpose of altering the Chesapeake ~~Bay~~ and Atlantic Coastal Bays 2010
5 Trust Fund and its purposes; stating the intent of the General Assembly;
6 providing for the uses of the Fund; establishing in statute the BayStat Program
7 and BayStat Subcabinet; requiring the BayStat Subcabinet to oversee the
8 administration of the Program; establishing the responsibilities of the Program;
9 requiring the BayStat Subcabinet to submit to the public a certain annual
10 report and develop ~~an~~ annual work and expenditure ~~plan~~ plans; requiring the
11 Governor to submit ~~the~~ annual work and expenditure ~~plan~~ plans to the General
12 Assembly as part of the annual budget submission; requiring the BayStat
13 Subcabinet to prepare a final work and expenditure plan; requiring the
14 Program to implement certain measures for certain purposes; requiring the
15 Program to distribute funds from the Trust Fund to the BayStat Subcabinet
16 agencies; requiring the BayStat Subcabinet agencies to ~~redistribute the funds~~
17 ~~through grants to various entities and to the Chesapeake Bay Nonpoint Source~~
18 ~~Fund~~ administer the funds, including redistributing the funds in a certain
19 manner; requiring the Program to develop certain grant solicitations,
20 guidelines, and applications; requiring grant agreements to comply with certain
21 requirements; requiring grant recipients to submit a certain annual report that
22 includes certain information; prohibiting the use of the Trust Fund for certain
23 purposes; establishing a BayStat Program Scientific Advisory Panel, composed

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 of certain individuals appointed by the Governor; establishing certain
2 responsibilities for the Panel; authorizing State agencies that administer
3 certain grants to receive certain administrative costs from the Trust Fund;
4 establishing the Chesapeake ~~Bay~~ and Atlantic Coastal Bays Nonpoint Source
5 Fund as a special, continuing, nonlapsing fund in the Water Quality Financing
6 Administration in the Department of the Environment; establishing the purpose
7 of the Fund; establishing certain funding for the Fund; requiring the Fund to be
8 subject to a certain audit; authorizing the Administration to establish accounts
9 and subaccounts in the Fund for certain purposes; establishing the uses of the
10 Fund; providing for certain bonding authority relating to money in the Fund;
11 requiring the Administration to provide for a certain system of financial
12 accounting, controls, audits, and reports for certain funds that conforms with
13 certain State and federal laws; requiring a certain audit and audit report of
14 certain funds; defining certain terms; and generally relating to dedicated
15 funding sources for the restoration of the Chesapeake ~~Bay~~ and Atlantic Coastal
16 Bays and the waters of the State.

17 BY renumbering

18 Article – Natural Resources

19 Section 8–205

20 to be Section 8–2A–01 to be under the new subtitle “Subtitle 2A. Chesapeake
21 ~~Bay~~ and Atlantic Coastal Bays 2010 Trust Fund”

22 Annotated Code of Maryland

23 (2007 Replacement Volume)

24 (As enacted by Chapter 6 of the Acts of the General Assembly Special Session of
25 2007)

26 BY repealing and reenacting, with amendments,

27 Article – Natural Resources

28 Section 8–2A–01

29 Annotated Code of Maryland

30 (2007 Replacement Volume)

31 (As enacted by Section 1 of this Act)

32 BY adding to

33 Article – Natural Resources

34 Section 8–2A–02 through 8–2A–04

35 Annotated Code of Maryland

36 (2007 Replacement Volume)

37 BY repealing and reenacting, with amendments,

38 Article – Environment

39 Section 9–1601, 9–1611, and 9–1616

40 Annotated Code of Maryland

41 (2007 Replacement Volume and 2007 Supplement)

42 BY adding to

43 Article – Environment

1 Section 9–1605.3 and 9–1617.1
 2 Annotated Code of Maryland
 3 (2007 Replacement Volume and 2007 Supplement)

4 BY renumbering
 5 Article – Natural Resources
 6 Section 8–2A–01 and 8–2A–02, respectively
 7 to be Section 8–2A–02 and 8–2A–01, respectively
 8 Annotated Code of Maryland
 9 (2007 Replacement Volume)
 10 (As enacted by Section 2 of this Act)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 12 MARYLAND, That Section(s) 8–205 of Article – Natural Resources of the Annotated
 13 Code of Maryland be renumbered to be Section(s) 8–2A–01 to be under the new
 14 subtitle “Subtitle 2A. Chesapeake ~~Bay~~ AND ATLANTIC COASTAL BAYS 2010 Trust Fund”.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 16 read as follows:

17 **Article – Natural Resources**

18 **SUBTITLE 2A. CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS 2010 TRUST**
 19 **FUND.**

20 **8–2A–01.**

21 (a) There is a Chesapeake ~~Bay~~ AND ATLANTIC COASTAL BAYS 2010 Trust
 22 Fund.

23 (b) The purpose of the Fund is to provide [the] financial assistance necessary
 24 to [meet, by 2010,] **ADVANCE MARYLAND’S PROGRESS IN MEETING** the goals
 25 established in the Chesapeake 2000 Agreement for the restoration of the Chesapeake
 26 Bay and its tributaries, including the Patuxent River, AND TO RESTORE THE
 27 HEALTH OF THE ATLANTIC COASTAL BAYS AND THEIR TRIBUTARIES, BY
 28 **FOCUSING LIMITED FINANCIAL RESOURCES ON NONPOINT SOURCE POLLUTION**
 29 **CONTROL PROJECTS IN ALL REGIONS OF THE STATE.**

30 (c) The Secretary shall administer the Fund.

31 (d) (1) The Fund is a special, nonlapsing fund that is not subject to §
 32 7–302 of the State Finance and Procurement Article.

33 (2) The Treasurer shall hold the Fund separately, and the Comptroller
 34 shall account for the Fund.

35 (e) The Fund consists of:

1 (1) Money appropriated in the State budget for the Fund;

2 (2) Money distributed to the Fund under §§ 2-1104 and 2-1302.1 of
3 the Tax – General Article; and

4 (3) Any other money from any other source accepted for the benefit of
5 the Fund.

6 (f) (1) The Fund may be used only for the implementation of **NONPOINT**
7 **SOURCE POLLUTION CONTROL ~~MEASURES~~ PROJECTS TO ACHIEVE** the State's
8 tributary strategy developed in accordance with the Chesapeake 2000 Agreement AND
9 TO IMPROVE THE HEALTH OF THE ATLANTIC COASTAL BAYS AND THEIR
10 TRIBUTARIES.

11 (2) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT, WHEN
12 POSSIBLE, MONEYS IN THE FUND SHALL BE GRANTED TO LOCAL GOVERNMENTS
13 AND OTHER POLITICAL SUBDIVISIONS FOR AGRICULTURAL, FORESTRY, STREAM
14 AND WETLAND RESTORATION, AND URBAN AND SUBURBAN STORMWATER
15 NONPOINT SOURCE POLLUTION CONTROL PROJECTS.

16 (g) (1) The Treasurer shall invest the money of the Fund in the same
17 manner as other State money may be invested.

18 (2) Any investment earnings of the Fund shall be retained to the
19 credit of the Fund.

20 (h) Money expended from the Fund for the restoration of the Chesapeake
21 ~~Bay and its~~ AND ATLANTIC COASTAL BAYS AND THEIR tributaries, including the
22 Patuxent River, is supplemental to and is not intended to take the place of funding
23 that otherwise would be appropriated for ~~Bay~~ BAY restoration.

24 **8-2A-02.**

25 (A) ~~(1)~~ (1) ~~IN THIS SECTION~~ SUBTITLE THE FOLLOWING WORDS HAVE
26 THE MEANINGS INDICATED.

27 ~~(2)~~ (B) **“BAYSTAT PROGRAM” OR “PROGRAM” MEANS THE**
28 **PROGRAM MEANS THE PROGRAM ESTABLISHED UNDER § 8-2A-03 OF THIS**
29 **SUBTITLE.**

30 ~~(3)~~ ~~(1)~~ (C) (1) **“NONPOINT SOURCE POLLUTION CONTROL**
31 **PROJECT” MEANS A PROJECT TO IMPROVE WATER QUALITY BY A REDUCTION OF**
32 **NITROGEN, ~~PHOSPHOROUS~~ PHOSPHORUS, OR SEDIMENT POLLUTION.**

1 ~~(H)~~ (2) “NONPOINT SOURCE POLLUTION CONTROL
2 PROJECT” INCLUDES:

3 ~~1.~~ (I) AN AGRICULTURAL BEST MANAGEMENT
4 IMPLEMENTATION PRACTICE, INCLUDING COVER CROPS, RIPARIAN FORESTED
5 BUFFER, MANURE PROCESSING, GRASSED WATERWAYS, ANIMAL WASTE
6 STORAGE STRUCTURES, AND LIVESTOCK FENCING;

7 ~~2.~~ (II) AN URBAN OR SUBURBAN STORM WATER
8 PRACTICE;

9 ~~3.~~ (III) A SUSTAINABLE FOREST MANAGEMENT
10 PRACTICE ~~OR, INCLUDING A FOREST STEWARDSHIP PLAN, OR A~~
11 NONORNAMENTAL URBAN AND SUBURBAN TREE PLANTING PROJECT;

12 ~~4.~~ (IV) STREAM AND WETLAND RESTORATION;

13 ~~5.~~ (V) RIPARIAN BUFFER PLANTING;

14 ~~6.~~ (VI) A PROJECT THAT DEMONSTRATES THE
15 EFFECTIVENESS OF AN INNOVATIVE NONPOINT SOURCE POLLUTION
16 REDUCTION MEASURE PROVIDED THAT THE MEASURE IS CAPABLE OF
17 INTEGRATION INTO EXISTING NONPOINT SOURCE POLLUTION PROGRAMS;

18 ~~7. TARGETED ENFORCEMENT OF NONPOINT SOURCE~~
19 ~~POLLUTION LAWS AND REGULATIONS THAT IMPROVE WATER QUALITY;~~

20 ~~8.~~ (VII) TECHNICAL ASSISTANCE NECESSARY TO
21 IMPLEMENT A NONPOINT SOURCE POLLUTION CONTROL PROJECT; ~~AND~~

22 ~~9.~~ (VIII) DEVELOPMENT, REDEVELOPMENT, OR
23 IMPROVEMENT OF A MUNICIPAL PARK PROVIDED THAT THE DEVELOPMENT,
24 REDEVELOPMENT, OR IMPROVEMENT INCORPORATES STATE-OF-THE-ART AND
25 SUSTAINABLE NONPOINT SOURCE POLLUTION CONTROL MEASURES; AND

26 (IX) STRATEGIC MONITORING OF WATER QUALITY
27 IMPROVEMENTS FROM NONPOINT SOURCE POLLUTION CONTROL PROJECTS
28 THAT HAVE BEEN FUNDED, IN WHOLE OR IN PART, WITH GRANTS FROM THE
29 TRUST FUND.

30 ~~(4)~~ (D) “TRIBUTARY STRATEGIES” MEANS EACH OF
31 MARYLAND’S 10 WATERSHED-SPECIFIC PLANS AS AMENDED FROM TIME TO
32 TIME TO REDUCE THE AMOUNT OF NITROGEN, ~~PHOSPHOROUS~~ PHOSPHORUS,
33 AND SEDIMENT POLLUTION THAT ENTERS THE CHESAPEAKE ~~BAY AND ITS~~ AND
34 ATLANTIC COASTAL BAYS AND THEIR TRIBUTARIES.

1 ~~(5)~~ (E) “TRUST FUND” MEANS THE CHESAPEAKE ~~BAY~~ AND
2 ATLANTIC COASTAL BAYS 2010 TRUST FUND.

3 **8-2A-03.**

4 (A) (1) **THERE IS A BAYSTAT PROGRAM TO:**

5 (I) **MEASURE AND EVALUATE EFFORTS TO RESTORE THE**
6 **CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS; AND**

7 (II) **ADMINISTER THE TRUST FUND.**

8 (2) **THE BAYSTAT SUBCABINET SHALL OVERSEE THE**
9 **ADMINISTRATION OF THE BAYSTAT PROGRAM.**

10 (3) **THE BAYSTAT SUBCABINET IS COMPOSED OF:**

11 (I) **THE SECRETARY OF NATURAL RESOURCES;**

12 (II) **THE SECRETARY OF THE ENVIRONMENT;**

13 (III) **THE SECRETARY OF PLANNING;**

14 (IV) **THE SECRETARY OF AGRICULTURE; ~~AND~~**

15 (V) **THE PRESIDENT OF THE UNIVERSITY OF MARYLAND**
16 **CENTER FOR ENVIRONMENTAL SCIENCE;**

17 (VI) **THE DEAN OF THE COLLEGE OF AGRICULTURE AND**
18 **NATURAL RESOURCES AT THE UNIVERSITY OF MARYLAND, COLLEGE PARK;**
19 **AND**

20 (VII) **THE CHAIR OF THE CRITICAL AREA COMMISSION FOR**
21 **THE CHESAPEAKE AND ATLANTIC COASTAL BAYS.**

22 (B) **THE BAYSTAT PROGRAM SHALL:**

23 (1) **PROVIDE ACCURATE AND TIMELY DATA TO POLICYMAKERS**
24 **AND THE PUBLIC ABOUT THE EFFICACY AND COST-EFFECTIVENESS OF LOCAL,**
25 **STATE, AND FEDERAL PROGRAMS TO RESTORE THE CHESAPEAKE ~~BAY~~ AND**
26 **ATLANTIC COASTAL BAYS;**

1 (2) TRACK AND ASSESS THE PROGRESS OF STATE AND FEDERAL
2 PROGRAMS TO IMPROVE THE HEALTH OF THE CHESAPEAKE ~~BAY~~ AND ATLANTIC
3 COASTAL BAYS;

4 (3) ASSESS THE EFFECTIVENESS OF ENFORCEMENT PROGRAMS
5 IN CURBING POLLUTION AND ACHIEVING CHESAPEAKE ~~BAY~~ AND ATLANTIC
6 COASTAL BAYS RESTORATION GOALS AND INSTITUTE ACTIONS TO IMPROVE
7 THE EFFECTIVENESS OF ENFORCEMENT PROGRAMS;

8 (4) ADOPT MEASURABLE GOALS FOR CHESAPEAKE ~~BAY~~ AND
9 ATLANTIC COASTAL BAYS RESTORATION;

10 (5) IDENTIFY NEW THREATS TO THE HEALTH OF THE
11 CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS;

12 (6) INCREASE PUBLIC AWARENESS OF, AND PARTICIPATION IN,
13 EFFORTS TO RESTORE THE VITALITY OF THE CHESAPEAKE BAY; AND

14 (7) DIRECT THE ADMINISTRATION OF THE TRUST FUND.

15 (c) THE BAYSTAT SUBCABINET SHALL:

16 (1) REPORT ANNUALLY TO THE PUBLIC REGARDING:

17 (i) THE HEALTH OF THE CHESAPEAKE ~~BAY~~ AND ATLANTIC
18 COASTAL BAYS TRIBUTARY BASIN;

19 (ii) THE HEALTH OF THE ATLANTIC COASTAL BAYS AND
20 THEIR TRIBUTARIES;

21 ~~(iii)~~ (iii) THE STATUS OF LOCAL, STATE, AND FEDERAL
22 PROGRAMS TO RESTORE THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS;
23 AND

24 ~~(iv)~~ (iv) ESTIMATED NUTRIENT REDUCTIONS ACHIEVED
25 THROUGH PROJECTS FINANCED BY THE TRUST FUND; AND

26 (2) (i) DEVELOP AN ANNUAL WORK ~~AND EXPENDITURE~~ PLAN
27 THAT:

28 (i) ~~IDENTIFIES~~ IDENTIFIES THE PLANNED WORK ~~AND~~
29 ~~EXPENDITURES~~ TO BE FUNDED WITH MONEY FROM THE TRUST FUND FOR THE
30 NEXT FISCAL YEAR, INCLUDING ANNUAL NUTRIENT AND SEDIMENT REDUCTION
31 TARGETS, PERFORMANCE MEASURES, AND ACCOUNTABILITY CRITERIA; AND

1 (II) ~~PROVIDES~~ DEVELOP AN ANNUAL EXPENDITURE PLAN
 2 THAT IDENTIFIES PLANNED EXPENDITURES FOR THE WORK PLAN AND
 3 INCLUDES AN ACCOUNTING OF ALL MONEYS DISTRIBUTED FROM THE TRUST
 4 FUND IN THE PREVIOUS FISCAL YEAR.

5 (D) THE GOVERNOR SHALL SUBMIT THE ANNUAL WORK AND
 6 EXPENDITURE ~~PLAN~~ PLANS TO THE GENERAL ASSEMBLY AS PART OF THE
 7 ANNUAL BUDGET SUBMISSION.

8 (E) ON AN ANNUAL BASIS THE BAYSTAT SUBCABINET SHALL PREPARE
 9 A FINAL WORK AND EXPENDITURE PLAN BASED ON THE BUDGET APPROVED BY
 10 THE GENERAL ASSEMBLY.

11 **8-2A-04.**

12 (A) THE BAYSTAT PROGRAM SHALL DIRECT THE ADMINISTRATION OF
 13 THE TRUST FUND IN ACCORDANCE WITH THIS SECTION.

14 (B) (1) THE BAYSTAT PROGRAM SHALL IMPLEMENT NONPOINT
 15 SOURCE POLLUTION REDUCTION MEASURES TO ACHIEVE THE TRIBUTARY
 16 STRATEGIES BY TARGETING FUNDS, GEOGRAPHICALLY AND BY PRACTICE, TO
 17 PROVEN, SCIENTIFICALLY-BASED PROJECTS THAT PROVIDE THE MOST
 18 COST-EFFECTIVE AND MEASURABLE WATER QUALITY BENEFITS TO THE
 19 CHESAPEAKE BAY AND ATLANTIC COASTAL BAYS.

20 (2) TO THE MAXIMUM EXTENT PRACTICABLE, THE BAYSTAT
 21 PROGRAM SHALL DISTRIBUTE THE TRUST FUND MONEYS ON A COMPETITIVE
 22 BASIS.

23 (C) (1) THE BAYSTAT PROGRAM SHALL DISTRIBUTE FUNDS FROM
 24 THE TRUST FUND TO THE BAYSTAT SUBCABINET AGENCIES IN ACCORDANCE
 25 WITH THE FINAL WORK AND EXPENDITURE PLANS.

26 (2) THE BAYSTAT SUBCABINET AGENCIES SHALL ~~REDISTRIBUTE~~
 27 ADMINISTER THE FUNDS IN ACCORDANCE WITH THE FINAL WORK AND
 28 EXPENDITURE PLANS, INCLUDING THE DISTRIBUTION OF FUNDS:

29 (I) ~~THROUGH GRANTS, TO THE MAXIMUM EXTENT~~
 30 ~~PRACTICABLE ON A COMPETITIVE BASIS, TO:~~

- 31 1. COUNTIES;
- 32 2. BICOUNTY AGENCIES;
- 33 3. MUNICIPALITIES;

- 1 4. FOREST CONSERVANCY DISTRICT BOARDS;
- 2 5. SOIL CONSERVATION DISTRICTS;
- 3 6. ACADEMIC INSTITUTIONS; AND
- 4 7. NONPROFIT ORGANIZATIONS HAVING A
- 5 DEMONSTRATED ABILITY TO IMPLEMENT NONPOINT SOURCE POLLUTION
- 6 CONTROL PROJECTS; ~~AND~~

7 (ii) TO THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL

8 BAYS NONPOINT SOURCE FUND ESTABLISHED UNDER § 9-1605.3 OF THE

9 ENVIRONMENT ARTICLE; AND

10 (iii) TO THE MARYLAND AGRICULTURAL COST-SHARE

11 PROGRAM ESTABLISHED UNDER TITLE 8, SUBTITLE 7 OF THE AGRICULTURE

12 ARTICLE FOR NONPOINT SOURCE POLLUTION CONTROL PROJECTS.

13 (3) (i) THE BAYSTAT PROGRAM SHALL DEVELOP

14 SOLICITATIONS, GUIDELINES, AND APPLICATIONS FOR TRUST FUND GRANTS

15 THAT SHALL INCLUDE CONSIDERATION OF THE EXTENT TO WHICH A PROPOSED

16 PROJECT, BOTH GEOGRAPHICALLY AND BY PRACTICE, WILL DELIVER THE

17 GREATEST, MOST COST-EFFECTIVE, AND MEASURABLE NONPOINT SOURCE

18 POLLUTION REDUCTION PER TRUST FUND DOLLAR.

19 (ii) THE BAYSTAT PROGRAM ~~MAY~~ SHALL ENCOURAGE AND

20 CONSIDER ~~A~~ MULTI-YEAR, MULTI-PARTNER PROPOSALS, LOCAL MATCH, OR

21 COST-SHARE AGREEMENTS, OR ~~OTHER ACTION~~ SIMILAR ACTIONS PROPOSED BY

22 A GRANT APPLICANT IN EVALUATING A TRUST FUND GRANT APPLICATION.

23 (4) THE BAYSTAT SUBCABINET AGENCIES MAY DISTRIBUTE TO

24 AN ADMINISTRATIVE COST ACCOUNT THE AMOUNT THAT IS NECESSARY TO

25 ADMINISTER GRANT PROGRAMS, NOT TO EXCEED 1.5% OF THE ALLOCATIONS TO

26 THE BAYSTAT SUBCABINET AGENCIES.

27 (D) ANY GRANT AGREEMENT REGARDING FUNDS FROM THE TRUST

28 FUND SHALL:

29 (1) SPECIFY THE USE OF THE FUNDS PROVIDED UNDER THE

30 GRANT, ACCOUNTABILITY MEASURES, AND PERFORMANCE REQUIREMENTS;

31 ~~AND~~

32 (2) TAKE INTO ACCOUNT THE NEED FOR EFFICIENT, ~~MULTIYEAR~~

33 MULTI-YEAR FUNDING AND ADMINISTRATION; AND

1 **(3) INCLUDE PROVISIONS FOR VERIFICATION THAT PRACTICES**
 2 **ARE BEING IMPLEMENTED.**

3 **(E) (1) A RECIPIENT OF A FUNDS FROM THE TRUST FUND GRANT IN**
 4 **ANY FISCAL YEAR SHALL SUBMIT AN ANNUAL REPORT TO THE BAYSTAT**
 5 **PROGRAM BY NOVEMBER 1 OF THE NEXT FISCAL YEAR.**

6 **(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS**
 7 **SUBSECTION SHALL INCLUDE:**

8 ~~**(I) AN ESTIMATE OF THE NUTRIENT LOADING REDUCTIONS**~~
 9 ~~**RESULTING FROM AN ONGOING PROJECT, AND THE TIME FRAME FOR**~~
 10 ~~**COMPLETION OF THE PROJECT; AND**~~

11 ~~**(II) AN ASSESSMENT OF NUTRIENT LOADING REDUCTIONS**~~
 12 ~~**AND WATER QUALITY BENEFITS ACHIEVED THROUGH COMPLETED PROJECTS.**~~

13 **(I) FOR AGENCIES RECEIVING MONEYS FROM THE TRUST**
 14 **FUND:**

15 **1. A DESCRIPTION OF HOW THE FUNDS WERE**
 16 **ALLOCATED, INCLUDING:**

17 **A. THE NUMBER AND AMOUNTS OF GRANTS AWARDS;**
 18 **AND**

19 **B. DIRECT EXPENDITURES BY THE AGENCY;**

20 **2. HOW FUNDING WAS LEVERAGED; AND**

21 **3. ESTIMATED OR CALCULATED NUTRIENT**
 22 **REDUCTIONS ASSOCIATED WITH TRUST FUND EXPENDITURES.**

23 **(II) FOR RECIPIENTS OF COMPETITIVE GRANTS FROM THE**
 24 **TRUST FUND, A DESCRIPTION OF FUNDED PROJECTS, INCLUDING:**

25 **1. PROJECT LOCATION;**

26 **2. DESCRIPTION OF PRACTICES IMPLEMENTED;**

27 **3. TIMEFRAMES FOR PROJECT COMPLETION;**

28 **4. ESTIMATED OR CALCULATED NUTRIENT**
 29 **REDUCTIONS; AND**

1 **5. PROVISIONS FOR LONG-TERM MAINTENANCE OF**
2 **PRACTICES.**

3 (F) FUNDS FROM THE TRUST FUND MAY NOT BE USED TO ~~PAY FOR~~
4 ~~PRIVATE PROJECTS THAT ARE REQUIRED FOR REGULATORY COMPLIANCE~~
5 ~~PURPOSES~~ ENABLE AN INDIVIDUAL CITED FOR NONCOMPLIANCE WITH A
6 NONPOINT SOURCE POLLUTION CONTROL LAW OR REGULATION TO ACHIEVE
7 COMPLIANCE.

8 (G) (1) THERE IS A BAYSTAT PROGRAM SCIENTIFIC ADVISORY
9 PANEL.

10 (2) THE GOVERNOR SHALL APPOINT THE CHAIR AND MEMBERS
11 OF THE BAYSTAT PROGRAM SCIENTIFIC ADVISORY PANEL.

12 (3) THE BAYSTAT PROGRAM SCIENTIFIC ADVISORY PANEL
13 SHALL INCLUDE SCIENTISTS AND OTHER TECHNICAL EXPERTS WITH
14 DEMONSTRATED EXPERTISE IN THE DISCIPLINES RELATED TO PROTECTION
15 AND RESTORATION OF THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS.

16 (4) THE BAYSTAT PROGRAM SCIENTIFIC ADVISORY PANEL
17 SHALL:

18 (I) ON OR BEFORE ~~SEPTEMBER~~ AUGUST 1, ANNUALLY
19 PROVIDE RECOMMENDATIONS TO THE BAYSTAT SUBCABINET ON THE USE OF
20 FUNDS OF THE TRUST FUND FOR THE FOLLOWING FISCAL YEAR;

21 (II) MONITOR THE DISTRIBUTION OF FUNDS FROM THE
22 TRUST FUND;

23 (III) REVIEW THE CATEGORIES OF GRANTS MADE IN THE
24 PREVIOUS YEAR TO ASSESS NUTRIENT LOADING REDUCTION ESTIMATES AND
25 COST EFFICIENCIES AND THE EFFECTIVENESS OF ANY INNOVATIVE NONPOINT
26 SOURCE POLLUTION REDUCTION MEASURE;

27 (IV) REVIEW THE PROPOSED ANNUAL WORK ~~AND~~
28 ~~EXPENDITURE~~ PLAN AND ADVISE THE BAYSTAT SUBCABINET OF ANY
29 RECOMMENDED CHANGES;

30 (V) ON REQUEST BY THE BAYSTAT SUBCABINET, REVIEW
31 INDIVIDUAL GRANT APPLICATIONS; AND

1 (VI) ANNUALLY REVIEW ANY TRUST FUND MONEYS THAT
2 ARE NOT DISTRIBUTED ON A COMPETITIVE BASIS TO ASSESS WHETHER THOSE
3 MONEYS MAY BE DISTRIBUTED ON A COMPETITIVE BASIS.

4 (H) A STATE AGENCY THAT ADMINISTERS A TRUST FUND GRANT MAY
5 RECEIVE FROM THE FUND AN AMOUNT EQUIVALENT TO ITS REASONABLE
6 DIRECT COSTS OF GRANT ADMINISTRATION.

7 **Article - Environment**

8 9-1601.

9 (a) Unless the context clearly requires otherwise, in this subtitle the
10 following words have the meanings indicated.

11 (b) “Administration” means the Maryland Water Quality Financing
12 Administration.

13 (c) “Bay Restoration Fund” means the Bay Restoration Fund established
14 under § 9-1605.2 of this subtitle.

15 (d) “Biological nutrient removal” means a biological nutrient removal
16 technology capable of reducing the nitrogen in wastewater effluent to not more than 8
17 milligrams per liter, as calculated on an annually averaged basis.

18 (e) “Board” means the Board of Public Works.

19 (f) “Bond” means a bond, note, or other evidence of obligation of the
20 Administration issued under this subtitle, including a bond or revenue anticipation
21 note, notes in the nature of commercial paper, and refunding bonds.

22 (g) “Bond resolution” means the resolution or resolutions of the Director,
23 including the trust agreement, if any, authorizing the issuance of and providing for the
24 terms and conditions applicable to bonds.

25 (h) “Borrower” means a local government or a person as defined in § 1-101(h)
26 of this article who has received a loan.

27 (I) **“CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT**
28 **SOURCE FUND” MEANS THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS**
29 **NONPOINT SOURCE FUND ESTABLISHED UNDER § 9-1605.3 OF THIS SUBTITLE.**

30 [(i)] (J) “Director” means the Director of the Administration.

31 [(j)] (K) “Drinking Water Loan Fund” means the Maryland Drinking Water
32 Revolving Loan Fund.

1 [(k)] (L) “Eligible costs” means the costs identified under § 9–1605.2(i) of
2 this subtitle.

3 [(l)] (M) “Enhanced nutrient removal” means:

4 (1) An enhanced nutrient removal technology that is capable of
5 reducing the nitrogen and phosphorus concentrations in wastewater effluent to
6 concentrations of not more than 3 milligrams per liter total nitrogen and not more
7 than 0.3 milligrams per liter total phosphorus, as calculated on an annually averaged
8 basis; or

9 (2) If the Department has determined that the concentrations under
10 item (1) of this subsection are not practicable for a wastewater facility, the lowest
11 average annual wastewater effluent nitrogen and phosphorus concentrations that the
12 Department determines are practicable for that facility.

13 [(m)] (N) “Equivalent dwelling unit” means a measure of wastewater
14 effluent where one unit is equivalent to:

15 (1) If a local government or billing authority for a wastewater facility
16 has established a definition for “equivalent dwelling unit” on or before January 1,
17 2004, the average daily flow of wastewater effluent that the local government or
18 billing authority has established to be equivalent to the average daily flow of
19 wastewater effluent discharged by a residential dwelling, which may not exceed 250
20 gallons; or

21 (2) If a local government or billing authority has not established a
22 definition for “equivalent dwelling unit” on or before January 1, 2004, or if a local
23 government or billing authority has established a definition that exceeds 250 gallons
24 of wastewater effluent per day, an average daily flow of 250 gallons of wastewater
25 effluent.

26 [(n)] (O) “Facility” means a wastewater facility or all or a portion of a water
27 supply system as defined in § 9–201(u) of this title.

28 [(o)] (P) “Federal Safe Drinking Water Act” means Title XIV of the Public
29 Health Service Act, P.L. 93–523, as amended, 42 U.S.C. § 300f, et seq., and the rules
30 and regulations promulgated thereunder.

31 [(p)] (Q) “Federal Water Pollution Control Act” means the Water Pollution
32 Control Act of 1972, P.L. 92–500, as amended, 33 U.S.C. § 1251, et seq., and rules and
33 regulations promulgated thereunder.

34 [(q)] (R) “Fund” means a fund established by this subtitle, including the
35 Water Quality Fund, the Drinking Water Loan Fund, and the Bay Restoration Fund
36 **AND THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE**
37 **FUND.**

- 1 [(r)] (S) “Grant” means a grant from the Administration to a grantee.
- 2 [(s)] (T) “Grant agreement” means a written agreement between the
3 Administration and a grantee with respect to a grant.
- 4 [(t)] (U) “Grantee” means the grant recipient.
- 5 [(u)] (V) “Lender” has the meaning stated in § 9–1606.1 of this subtitle.
- 6 [(v)] (W) “Linked deposit” has the meaning stated in § 9–1606.1 of this
7 subtitle.
- 8 [(w)] (X) “Linked deposit loan” has the meaning stated in § 9–1606.1 of this
9 subtitle.
- 10 [(x)] (Y) “Linked deposit program” has the meaning stated in § 9–1606.1 of
11 this subtitle.
- 12 [(y)] (Z) “Loan” means a loan from the Administration to a borrower for the
13 purpose of financing all or a portion of the cost of a wastewater facility, if the loan is
14 from the Water Quality Fund, or water supply system, if the loan is from the Drinking
15 Water Loan Fund.
- 16 [(z)] (AA) “Loan agreement” means a written agreement between the
17 Administration and a borrower with respect to a loan.
- 18 [(aa)] (BB) “Loan obligation” means a bond, note, or other evidence of
19 obligation, including a mortgage, deed of trust, lien, or other security instrument,
20 issued or executed by a borrower to evidence its indebtedness under a loan agreement
21 with respect to a loan.
- 22 [(bb)] (CC) (1) “Local government” means a county, municipal corporation,
23 sanitary district, or other State or local public entity which has authority to own or
24 operate a facility.
- 25 (2) “Local government” includes any combination of two or more of the
26 public entities under paragraph (1) of this subsection when acting jointly to construct
27 or operate a facility.
- 28 [(cc)] (DD) (1) “Person” means an individual, corporation, partnership,
29 association, the State, any unit of the State, commission, special taxing district, or the
30 federal government.
- 31 (2) “Person” does not include a county, municipal corporation,
32 bi-county or multicounty agency under Article 28 or 29 of the Code, housing authority

1 under Division II of the Housing and Community Development Article, school board,
2 community college, or any other unit of a county or municipal corporation.

3 [(dd)] (EE) (1) “Residential dwelling” means a room or group of rooms
4 occupied as living quarters by an individual, a single family, or other discrete group of
5 persons with facilities that are used or intended to be used for living, sleeping,
6 cooking, sanitation, and eating, including an apartment unit, condominium unit,
7 cooperative unit, town house unit, mobile home, or house.

8 (2) “Residential dwelling” does not include a hospital, hotel, motel,
9 inn, boarding house, club, dormitory, school, college, or similar seasonal, institutional,
10 or transient facility.

11 [(ee)] (FF) “Single site” means a discrete grouping of buildings or structures
12 that are located on contiguous or adjacent property and owned by the same user.

13 [(ff)] (GG) (1) “User” means any person discharging wastewater to:

14 (i) A wastewater facility that has a State discharge permit or
15 national pollutant discharge elimination system discharge permit;

16 (ii) An onsite sewage disposal system; or

17 (iii) A sewage holding tank.

18 (2) “User” does not include a person whose sole discharge is
19 stormwater under a stormwater permit.

20 [(gg)] (HH) “Wastewater facility” means any equipment, plant, treatment
21 works, structure, machinery, apparatus, interest in land, or any combination of these,
22 which is acquired, used, constructed, or operated for the storage, collection, treatment,
23 neutralization, stabilization, reduction, recycling, reclamation, separation, or disposal
24 of wastewater, or for the final disposal of residues resulting from the treatment of
25 wastewater, including: treatment or disposal plants; outfall sewers, interceptor
26 sewers, and collector sewers; pumping and ventilating stations, facilities, and works;
27 programs and projects for controlling nonpoint sources of water pollution and for
28 estuarine conservation and management; and other real or personal property and
29 appurtenances incident to their development, use, or operation.

30 [(hh)] (II) “Water Quality Fund” means the Maryland Water Quality
31 Revolving Loan Fund.

32 [(ii)] (JJ) “Water supply system” has the meaning stated in § 9–201(u) of this
33 title.

34 **9–1605.3.**

1 (A) (1) **THERE IS A CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS**
2 **NONPOINT SOURCE FUND.**

3 (2) **THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS**
4 **NONPOINT SOURCE FUND SHALL BE MAINTAINED AND ADMINISTERED BY THE**
5 **ADMINISTRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE**
6 **AND SUCH RULES OR PROGRAM DIRECTIVES AS THE SECRETARY OR THE**
7 **BOARD MAY FROM TIME TO TIME PRESCRIBE.**

8 (B) **THE PURPOSE OF THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL**
9 **BAYS NONPOINT SOURCE FUND IS TO PROVIDE FINANCIAL ASSISTANCE FOR**
10 **THE IMPLEMENTATION OF URBAN AND SUBURBAN STORMWATER MANAGEMENT**
11 **PRACTICES, AND STREAM AND WETLAND RESTORATION.**

12 (C) **THERE SHALL BE DEPOSITED IN THE CHESAPEAKE ~~BAY~~ AND**
13 **ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND:**

14 (1) **MONEY DISTRIBUTED TO THE CHESAPEAKE ~~BAY~~ AND**
15 **ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND UNDER § 8-2A-04 OF THE**
16 **NATURAL RESOURCES ARTICLE AND APPROPRIATED IN THE STATE BUDGET**
17 **FOR THE FUND;**

18 (2) **NET PROCEEDS OF BONDS ISSUED BY THE ADMINISTRATION;**

19 (3) **INTEREST OR OTHER INCOME EARNED ON THE INVESTMENT**
20 **OF MONEYS IN THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS**
21 **NONPOINT SOURCE FUND; AND**

22 (4) **ANY OTHER MONEYS FROM ANY OTHER SOURCE ACCEPTED**
23 **FOR THE BENEFIT OF THE FUND.**

24 (D) (1) **THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS**
25 **NONPOINT SOURCE FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND THAT**
26 **IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT**
27 **ARTICLE.**

28 (2) **MONEY IN THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL**
29 **BAYS NONPOINT SOURCE FUND MAY NOT REVERT OR BE TRANSFERRED TO THE**
30 **GENERAL FUND OF THE STATE.**

31 (3) **SUBJECT TO THE PROVISIONS OF ANY APPLICABLE BOND**
32 **RESOLUTION REGARDING THE HOLDING OR APPLICATION OF AMOUNTS IN THE**
33 **CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND,**
34 **THE TREASURER SHALL SEPARATELY HOLD, AND THE COMPTROLLER SHALL**

1 ACCOUNT FOR, THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS
2 NONPOINT SOURCE FUND.

3 (4) SUBJECT TO THE PROVISION OF ANY APPLICABLE BOND
4 RESOLUTION GOVERNING THE INVESTMENT OF AMOUNTS IN THE CHESAPEAKE
5 ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND, THE
6 CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND
7 SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE
8 FUNDS.

9 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE
10 CREDIT OF THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT
11 SOURCE FUND.

12 (6) THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS
13 NONPOINT SOURCE FUND SHALL BE SUBJECT TO AUDIT BY THE OFFICE OF
14 LEGISLATIVE AUDITS AS PROVIDED UNDER § 2-1220 OF THE STATE
15 GOVERNMENT ARTICLE.

16 (7) THE ADMINISTRATION MAY FROM TIME TO TIME ESTABLISH
17 ACCOUNTS AND SUBACCOUNTS WITHIN THE CHESAPEAKE ~~BAY~~ AND ATLANTIC
18 COASTAL BAYS NONPOINT SOURCE FUND AS MAY BE DEEMED DESIRABLE TO
19 EFFECTUATE THE PURPOSES OF THIS SUBTITLE, TO COMPLY WITH THE
20 PROVISIONS OF ANY BOND RESOLUTION, OR TO MEET ANY REQUIREMENT OR
21 RULES OR PROGRAM DIRECTIVES ESTABLISHED BY THE SECRETARY OR THE
22 BOARD.

23 (8) THE ADMINISTRATION SHALL OPERATE THE CHESAPEAKE
24 ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND IN ACCORDANCE
25 WITH §§ 9-1607 THROUGH 9-1622 OF THIS SUBTITLE.

26 (E) THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT
27 SOURCE FUND SHALL BE USED:

28 (1) TO AWARD GRANTS FOR UP TO 100 PERCENT OF PROJECT
29 COSTS RELATING TO PLANNING, DESIGN, AND CONSTRUCTION OF URBAN AND
30 SUBURBAN STORMWATER MANAGEMENT PRACTICES, AND STREAM AND
31 WETLAND RESTORATION;

32 (2) AS A SOURCE OF REVENUE OR SECURITY FOR THE PAYMENT
33 OF PRINCIPAL AND INTEREST ON BONDS ISSUED BY THE ADMINISTRATION IF
34 THE PROCEEDS OF THE SALE OF SUCH BONDS WILL BE DEPOSITED IN THE
35 CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND;

36 (3) FOR COSTS ASSOCIATED WITH THE ISSUANCE OF BONDS;

1 (4) **TO EARN INTEREST ON THE CHESAPEAKE ~~BAY~~ AND ATLANTIC**
2 **COASTAL BAYS NONPOINT SOURCE FUND ACCOUNTS; AND**

3 (5) **FOR THE REASONABLE COSTS OF ADMINISTERING THE**
4 **CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND.**

5 9-1611.

6 (a) Bonds may be secured by a trust agreement by and between the
7 Administration and a corporate trustee, which may be any trust company or bank
8 having trust powers, within or without the State. Such trust agreement may pledge or
9 assign all or any part of the revenues or corpus of the Water Quality Fund, Drinking
10 Water Loan Fund, [or] **THE Bay Restoration Fund, OR THE CHESAPEAKE ~~BAY~~ AND**
11 **ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND**, or any account within these
12 funds, and may pledge or assign or grant a lien on or security interest in any loan
13 agreement or loan obligation. Any such trust agreement or resolution authorizing the
14 issuance of bonds may contain such provisions for the protection and enforcement of
15 the rights and remedies of the bondholders as may be deemed reasonable and proper,
16 including covenants setting forth the duties of the Administration in relation to the
17 making, administration and enforcement of loans and the custody, safeguarding and
18 application of moneys. Such trust agreement may set forth the rights and remedies of
19 the bondholders and of the trustee and may restrict the individual right of action by
20 bondholders. In addition to the foregoing, such trust agreement may contain such
21 other provisions as the Director may deem reasonable and proper for the security of
22 the bondholders, including, without limitation, covenants pertaining to the issuance of
23 additional parity bonds upon conditions stated therein consistent with the
24 requirements of this subtitle.

25 (b) The proceeds of the sale of bonds shall be disbursed in such manner and
26 under such restrictions, if any, as may be provided in such trust agreement.

27 (c) (1) The revenues and moneys designated as security for bonds shall be
28 set aside at such regular intervals as may be provided in the bond resolution in a
29 special account in the Water Quality Fund, if the net sale proceeds will be deposited in
30 the Water Quality Fund, the Drinking Water Loan Fund, if the net sale proceeds will
31 be deposited in the Drinking Water Loan Fund, [or] the Bay Restoration Fund, if the
32 net sale proceeds will be deposited in the Bay Restoration Fund, **OR THE**
33 **CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND, IF**
34 **THE NET SALE PROCEEDS WILL BE DEPOSITED IN THE CHESAPEAKE ~~BAY~~ AND**
35 **ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND**, which is pledged to, and
36 charged with, the payment of:

37 (i) The interest upon such bonds as such interest falls due;

38 (ii) The principal of such bonds as it falls due;

1 (iii) The necessary charges of the trustee, bond registrar, and
2 paying agents; and

3 (iv) The redemption price or purchase price of bonds retired by
4 call or purchase as provided in the bond resolution or trust agreement.

5 (2) Any amounts set aside in such special account which are not
6 needed to provide for the payment of the items included under paragraph (1) of this
7 subsection may be used for any other lawful purpose, to the extent provided in the
8 bond resolution. Such pledge shall be valid and binding from the time when the pledge
9 is made. Such revenues or other moneys so pledged and thereafter received by the
10 Administration shall immediately be subject to the lien of such pledge without any
11 physical delivery thereof or further act, and the lien of any such pledge shall be valid
12 and binding as against all parties having any claims of any kind in tort, contract, or
13 otherwise against the Administration or the Water Quality Fund, the Drinking Water
14 Loan Fund, [or] the Bay Restoration Fund, **OR THE CHESAPEAKE ~~BAY~~ AND**
15 **ATLANTIC COASTAL BAYS NONPOINT SOURCE FUND**, irrespective of whether
16 such parties have notice thereof. Neither the bond resolution nor any trust agreement
17 by which a pledge is created need be filed or recorded except in the records of the
18 Administration, any public general or public local law to the contrary notwithstanding.

19 (d) Any net earnings of the Administration, beyond that necessary for the
20 retirement of bonds or to implement the public purposes or programs of the
21 Administration, shall not inure to the benefit of any person, other than the State of
22 Maryland for use to accomplish the purposes of this subtitle.

23 9-1616.

24 The Administration shall not be required to give any bond as security for costs,
25 supersedeas, or any other security in any suit or action brought by or against it, or in
26 proceedings to which it may be a party, in any court of this State, and the
27 Administration shall have the remedies of appeal of whatever kind to all courts
28 without bonds, supersedeas, or security of any kind. No builder's, materialman's,
29 contractor's, laborer's, or mechanic's liens of any kind or character shall ever attach to
30 or become a lien upon the Water Quality Fund, the Drinking Water Loan Fund, [or]
31 the Bay Restoration Fund, **OR THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL**
32 **BAYS NONPOINT SOURCE FUND**, or any property, real or personal, belonging to the
33 Administration and no assignment of wages shall be binding upon or recognized by the
34 Administration.

35 **9-1617.1.**

36 (A) (1) **THE ADMINISTRATION SHALL MAKE PROVISIONS FOR A**
37 **SYSTEM OF FINANCIAL ACCOUNTING, CONTROLS, AUDITS, AND REPORTS IN**
38 **ACCORDANCE WITH GENERALLY ACCEPTED PRINCIPLES OF GOVERNMENTAL**
39 **ACCOUNTING.**

1 (2) ALL ACCOUNTING SYSTEMS AND RECORDS, AUDITING
2 PROCEDURES AND STANDARDS, AND FINANCIAL REPORTING FOR THE WATER
3 QUALITY FUND, THE DRINKING WATER LOAN FUND, THE BAY RESTORATION
4 FUND, AND THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT
5 SOURCE FUND SHALL CONFORM TO THE REQUIREMENTS OF TITLE VI OF THE
6 FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL SAFE DRINKING
7 WATER ACT, THE BAY RESTORATION FUND ACT, AND THE CHESAPEAKE ~~BAY~~
8 AND ATLANTIC COASTAL BAYS 2010 TRUST FUND UNDER TITLE 8, SUBTITLE
9 2A OF THE NATURAL RESOURCES ARTICLE, AS APPLICABLE, AND GENERALLY
10 ACCEPTED PRINCIPLES OF GOVERNMENTAL ACCOUNTING.

11 (B) (1) AS SOON AS PRACTICAL AFTER THE CLOSING OF THE FISCAL
12 YEAR, AN AUDIT SHALL BE MADE OF THE FINANCIAL BOOKS, RECORDS, AND
13 ACCOUNTS OF THE ADMINISTRATION.

14 (2) THE AUDIT SHALL BE MADE BY INDEPENDENT CERTIFIED
15 PUBLIC ACCOUNTANTS, SELECTED BY THE ADMINISTRATION, AND LICENSED TO
16 PRACTICE IN THE STATE AS AUDITORS.

17 (3) (I) THE AUDITORS MAY NOT HAVE A PERSONAL INTEREST
18 EITHER DIRECTLY OR INDIRECTLY IN THE FISCAL AFFAIRS OF THE
19 ADMINISTRATION; AND

20 (II) SHALL BE EXPERIENCED AND QUALIFIED IN THE
21 ACCOUNTING AND AUDITING OF PUBLIC BODIES.

22 (4) THE AUDIT REPORT SHALL BE PREPARED IN ACCORDANCE
23 WITH GENERALLY ACCEPTED AUDITING PRINCIPLES AND POINT OUT ANY
24 IRREGULARITIES FOUND TO EXIST.

25 (5) (I) THE AUDITORS SHALL REPORT TO THE SECRETARY THE
26 RESULTS OF THEIR EXAMINATION, INCLUDING THEIR UNQUALIFIED OPINION ON
27 THE PRESENTATION OF THE FINANCIAL POSITIONS OF THE WATER QUALITY
28 FUND, THE DRINKING WATER LOAN FUND, THE BAY RESTORATION FUND, AND
29 THE CHESAPEAKE ~~BAY~~ AND ATLANTIC COASTAL BAYS NONPOINT SOURCE
30 FUND AND THE RESULTS OF THE ADMINISTRATION'S FINANCIAL OPERATIONS.

31 (II) IF THE AUDITORS ARE UNABLE TO EXPRESS AN
32 UNQUALIFIED OPINION, THE AUDITORS SHALL STATE AND EXPLAIN IN DETAIL
33 THE REASONS FOR THEIR QUALIFICATIONS, DISCLAIMER, OR OPINION
34 INCLUDING RECOMMENDATIONS NECESSARY TO MAKE POSSIBLE FUTURE
35 UNQUALIFIED OPINIONS.

36 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 8-2A-01 and
37 8-2A-02, respectively, of Article – Natural Resources of the Annotated Code of

1 Maryland, as enacted by Section 2 of this Act, shall be renumbered to be Section(s)
2 8-2A-02 and 8-2A-01, respectively.

3 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect July 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.