

**Department of Legislative Services**  
 Maryland General Assembly  
 2009 Session

**FISCAL AND POLICY NOTE**

House Bill 529 (Delegate G. Clagett, *et al.*)  
 Environmental Matters

**Environment - Sewage Sludge Utilization Permit - Septage**

This bill requires the Maryland Department of the Environment (MDE) to consider adequate standards for transporting septage and establish a manifest system for septage haulers. Septage haulers are required to outfit their vehicles with a meter to measure and record the intake and discharge of septage. The Secretary of the Environment must review the fees charged by publicly owned treatment works (POTW) facilities to septage haulers and, after considering the advice of a newly established Oversight Committee on Sewage Sludge Utilization, may reduce the fees if necessary to ensure economic viability of haulers. A POTW facility whose fees have been reduced may apply to MDE for reimbursement of lost revenue; such reimbursement is to be paid by the Bay Restoration Fund. The bill also codifies the inclusion of septage within sewage sludge utilization permit requirements for generators or utilizers of septage.

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by \$157,000 in FY 2010 and by more than \$168,800 annually beginning in FY 2011 for MDE to hire three positions. Additional special fund expenditures are incurred beginning in FY 2010 to reimburse eligible waste system operators. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	157,000	168,800	177,100	185,900	195,100
Net Effect	(\$157,000)	(\$168,800)	(\$177,100)	(\$185,900)	(\$195,100)

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

**Local Effect:** Local government expenditures increase in jurisdictions that cannot implement the bill without additional personnel and resources. Revenues may decrease in jurisdictions that lose authority currently delegated by MDE. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful impact on small business septage haulers to the extent that the vehicle retrofits, manifest system maintenance, and other requirements of the bill impose costs that are not offset by fee reductions authorized in the bill.

---

## Analysis

**Bill Summary:** The bill includes septage within the definition of a sewage sludge utilizer, thereby requiring a sewage sludge utilization permit for any person who collects, handles, burns, stores, treats, hauls, or disposes of septage, or who transports septage to or from a generator or utilizer, or applies septage to land. Septage is sewage pumped or removed from an onsite sewage disposal system, such as a portable toilet, or septic tank, among other systems.

MDE must require septage haulers to outfit their vehicles with a meter to measure and record the intake and discharge flow of septage. Haulers must keep a daily manifest containing the source, destination, nature, and volume of septage being hauled. A copy of this manifest has to be retained and furnished to the septage generator and the waste treatment works facility receiving the septage; it also has to be available for inspection by MDE.

In adopting regulations pertaining to sewage sludge and septage, MDE is required to consider adequate standards for transporting septage, including enclosing or covering septage during transportation and labeling septage hauling vehicles. MDE must also consider standards for monitoring access to septage drop-off sites and for maintenance of onsite sewage disposal systems by septage generators (*e.g.* septic tank owners), including recommended intervals for pumping and removing of septage.

The bill also establishes an Oversight Committee on Sewage Sludge Utilization to evaluate the performance of the sewage sludge utilization permit program, including consideration of compliance with local delegation agreements and effective reuse of septage and sewage sludge, such as for compost, energy generation, research, and land application. By November 1 each year, the committee must report its findings and recommendations, including changes to law, development of regulations, and its review of fees charged by haulers and POTW facilities, to the Governor and the General Assembly.

The Secretary of the Environment must annually review the fees charged by POTW facilities to septage haulers, and with advice from the committee, may reduce the fees if necessary to ensure economic viability. A POTW facility whose fees have been reduced may apply to MDE for reimbursement of lost revenue from the Bay Restoration Fund. MDE is required to adopt regulations to guide the determination as to whether to reimburse a POTW facility and the rate of reimbursement.

**Current Law:** Septage is not defined, or otherwise contained in the Annotated Code of Maryland. However, in the Code of Maryland Regulations, septage is regulated along with sewage sludge and treated sewage sludge in the chapter on Sewage Sludge Management. Therefore, persons engaged in the collection, handling, burning, storage, treatment, land application, disposal, or transportation of septage are regulated primarily by local governments under delegated authority by MDE. Exempted from these requirements, however, are owners or operators of onsite sewage disposal systems, such as septic tanks. The regulations do not contain standards requiring regular intervals in which owners of septic tanks or other sewage disposal systems must have septage removed. The regulations also do not establish a manifest system for septage haulers or require haulers to possess meters for tracking septage flows. However, Title 9 of the Environment Article require counties to show current levels of septage generated as well as a 10-year projection within their county comprehensive solid waste management plans.

**Background:** According to the U.S. Environmental Protection Agency, there are several approaches to septage treatment and disposal. Larger municipalities are often capable of managing septage from handling and treatment to disposal, while smaller municipalities contract with privately owned facilities foregoing the responsibility of operating a facility. Land disposal of septage after adequate treatment is also a popular option that has support from many farmers, despite opposition from some communities. Another form of beneficial reuse for septage that has been attracting interest recently is energy recovery.

MDE advises that a comprehensive new regulatory regime for sewage sludge and septage is currently under development and expected to be released in 2009.

**State Expenditures:** Special fund expenditures increase by \$156,994 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. This estimate reflects the cost of hiring one regulatory and compliance engineer, one environmental compliance specialist, and one administrative specialist within MDE's Solid Waste Program to expand the sewage sludge utilization program at the State level to cover septage and implement the additional requirements under the bill. Currently, the sewage sludge utilization program is staffed by four technical and one clerical positions, enforced part-time by seven inspectors from the Solid Waste Program, and overseen by one permitting supervisor. The fiscal 2008 ending balance for the Sewage Sludge Utilization

Fund was \$376,430. General fund expenditures may increase to the extent that Sewage Sludge Utilization Fund money is not available to support the creation of the three positions necessary for the implementation of the bill.

MDE advises that staffing levels and resources for the expanded sewage sludge utilization program under the bill may increase by a greater extent should local governments be unable to undertake enforcement of the bill's requirements and lose delegated authority.

The bill requires the Bay Restoration Fund to provide for any reimbursement to waste treatment facilities whose fees are reduced by MDE in order to maintain the viability of septage haulers as required under the bill. As of January 31, 2009, the Comptroller had deposited approximately \$216.5 million into the Bay Restoration Fund as a result of fees collected from wastewater treatment plant users.

**Local Fiscal Effect:** Local government expenditures may increase in certain jurisdictions that currently operate waste treatment systems and cannot implement the bill without additional personnel and resources. MDE currently delegates authority to local jurisdictions for the regulation of and fee setting for septage haulers. For example, Baltimore City advises that it may need to hire an additional staff person to implement the bill. The bill enhances MDE control and oversight through a statewide program, thus MDE may revoke currently delegated authority to the extent that it believes a local jurisdiction is not able to comply with the bill. Revenues may decrease in jurisdictions that lose authority delegated by MDE and therefore can no longer collect permit revenues. Revenues may also decrease to the extent that MDE exercises its authority under the bill to reduce the fee charged by local government-owned waste system facilities to septage haulers.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture, Baltimore City, Department of Natural Resources, Maryland Department of the Environment, Montgomery County, North East Maryland Waste Disposal Authority, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2009  
mcp/ljm

---

Analysis by: Evan M. Isaacson

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510