

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 474

(Delegate James, *et al.*)

Environmental Matters

Construction and Development Projects - Expedited Approval of State Permits

This emergency bill requires the Maryland Department of the Environment (MDE) and the State Highway Administration (SHA) to develop and implement processes to expedite the approval of permits for construction and development projects that have received “fast track” or similar status from a county or will create a significant number of jobs and have a positive economic impact on the State. By July 1, 2011, MDE and SHA must submit a report on implementation of the bill to the General Assembly.

Fiscal Summary

State Effect: MDE general fund expenditures may increase in FY 2012 and future years for contractual services associated with implementing expedited permit review. The bill’s reporting requirement may require MDE and SHA to redirect limited staff resources from other projects in FY 2011. State agencies seeking construction and development-related permits from MDE and SHA are affected to the extent such permits are expedited or delayed as a result of the bill. Revenues are not affected.

Local Effect: Local agencies seeking construction and development-related permits from MDE and SHA are affected to the extent such permits are expedited or delayed as a result of the bill. It is assumed that counties that choose to identify “fast track” status permit projects can do so with existing local resources.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: In Maryland, local governments have the primary role in enforcing building and construction codes. Over 90 local jurisdictions issue building permits in the State, including all 23 counties and Baltimore City. Construction and development permits are generally required for the purpose of assuring public safety, health, and welfare as they are affected by construction. The permitting process varies by local jurisdiction. Some local jurisdictions have established processes for reviewing and approving various types of permits in an expedited manner.

MDE and SHA are responsible for administering numerous State permits that help ensure various construction and development projects are consistent with State goals and requirements. For example, through the Wetlands and Waterways Program, MDE issues permits for work (*i.e.*, construction of piers, shoreline protection structures, and marinas) in privately owned wetlands. SHA administers several permit programs, including permits associated with connecting local residential or commercial roads to State roads and with authorizing vehicles with oversize loads on State roads.

For certain permits, such as those associated with tidal and nontidal wetlands, MDE is required to review the permit application within a specified time period.

State Expenditures: Because MDE is required under current law to review certain permit applications within a specified time period, this analysis assumes MDE continues to prioritize these permits. However, because the bill does not require all existing permit application review times to be preserved, this analysis assumes that SHA and MDE will defer review of nonpriority permits in order to expedite the review of permits affected by the bill.

To the extent MDE is required to expedite review of a permit due to the bill and maintain timely permit application review times for permits subject to statutory turnaround times, MDE may need to retain contractual services to process permit applications with accelerated schedules. MDE expenditures for contractual services could increase by as much as \$10,000 per project, assuming that consulting services cost \$250 per hour and each project requires 40 hours to review. Because the number of priority permit applications MDE would be required to review annually cannot be predicted, any potential impact cannot be reliably estimated at this time.

Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to develop the report in the short timeframe specified by the bill may not be absorbable within the existing budgeted resources of MDE and SHA without redirecting staff resources from other projects.

State agencies, like other regulated entities, are affected to the extent they seek a construction and development-related permit from MDE or SHA and the permit is expedited or delayed as a result of the bill.

Small Business Effect: Small businesses are affected to the extent they seek a construction and development-related permit from MDE or SHA and the permit is expedited or delayed as a result of the bill.

Additional Information

Prior Introductions: HB 1552 of 2010 was referred to the House Environmental Matters Committee and had no further action taken on it.

Cross File: None.

Information Source(s): Baltimore and Montgomery counties, Maryland Department of the Environment, Maryland Department of Transportation, Department of Legislative Services

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mm/lgc

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