

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 569

(Delegate Elliott, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Environment - Wastewater Treatment Facilities - Financial Assistance Study

This bill requires the Maryland Department of the Environment (MDE), in consultation with local government officials, to conduct a review of State programs that provide financial assistance associated with the upgrade of wastewater treatment facilities. MDE must report to the General Assembly by December 15, 2013, comparing the amounts awarded between fiscal 2006 and 2013 to wastewater treatment facilities with design capacities of less than 500,000 gallons per day and those with 500,000 gallons per day or more, as well as a comparative analysis of debt service costs for the two categories of facilities.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: Workloads increase for the Water Quality Financing Administration (WQFA) within MDE to conduct the required review and consult with local governments, but the bill can be handled with existing budgeted resources.

Local Effect: Workloads increase to collect relevant information and consult with MDE, but the bill can likely be handled by local governments with existing resources.

Small Business Effect: None.

Analysis

Current Law/Background:

Bay Restoration Fund

Chapter 428 of 2004 (SB 320) established the Bay Restoration Fund (BRF), which is administered by WQFA. The main goal of BRF is to provide grants to owners of wastewater treatment plants (WWTPs) to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal (ENR) technology. The fund is also used to support septic system upgrades and the planting of cover crops.

Upgrading the State's 67 major publicly owned WWTPs with ENR technology by 2017 is a key pollution-reduction strategy identified in the State's Phase II Watershed Implementation Plan (WIP), which is the State's roadmap to achieving the nutrient pollution limits required under the federally mandated Total Maximum Daily Load, or "pollution diet" for the Chesapeake Bay watershed. MDE considers "major" WWTPs as those with a capacity of at least 500,000 gallons per day.

As a revenue source for the fund, Chapter 428 established a bay restoration fee on users of wastewater facilities, septic systems, and sewage holding tanks, and Chapter 150 of 2012 (HB 446) doubled the fee for most users. The revenues collected from WWTP users are used to provide grants to upgrade the State's major WWTPs with ENR technology. Of the revenues collected from users of septic systems and sewage holding tanks, 60% is distributed to MDE's Septics Account for the upgrade of septic systems and 40% is transferred to the Maryland Department of Agriculture to provide assistance to farmers for planting cover crops.

Through January 31, 2013, a total of \$469.7 million had been collected from wastewater facility users and, after administrative costs, \$463.7 million had been deposited in MDE's Wastewater Account. As of January 2013, this revenue had supported ENR upgrades to 26 major facilities. Additionally, 22 other facilities are under construction and 19 are in the planning or design stages.

Other Assistance Provided by the Water Quality Financing Administration

WQFA also oversees the administration of several other programs and funding sources for WWTPs. For example, the Water Quality State Revolving Loan Fund is used to provide low-interest rate loans, and in some situations, loan forgiveness and grants, for WWTPs and other specified projects. The Biological Nutrient Removal (BNR) Program provides grants to local governments for 50% of the eligible cost of an upgrade to BNR technology, which provides a lesser degree of nutrient removal than ENR technology.

(WWTPs must be upgraded to BNR before they are eligible for ENR funding from BRF.) WQFA also administers the Supplemental Assistance Program, which provides grants of up to \$1.5 million to local governments for wastewater projects at publicly owned facilities, based on system size, compliance, and affordability.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Charles, and Frederick counties; Maryland Department of the Environment; BayStat; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2013
mc/lgc

Analysis by: Evan M. Isaacson

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