

HOUSE BILL 325

M3

6lr0055

By: **Chair, Environment and Transportation Committee (By Request
– Departmental – Environment)**

Introduced and read first time: January 27, 2016

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Bay Restoration Fund – Use of Funds – Nutrient Credit**
3 **Purchases**

4 FOR the purpose of authorizing funds in the Bay Restoration Fund to be used for the costs
5 associated with the purchase of certain nutrient credits; requiring the Department
6 of the Environment to consult with certain Secretaries when adopting certain
7 regulations; and generally relating to the use of funds in the Bay Restoration Fund.

8 BY repealing and reenacting, without amendments,

9 Article – Environment

10 Section 9–1605.2(a)(1) and (i)(1)

11 Annotated Code of Maryland

12 (2014 Replacement Volume and 2015 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Environment

15 Section 9–1605.2(i)(2) and (l)

16 Annotated Code of Maryland

17 (2014 Replacement Volume and 2015 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Environment**

21 9–1605.2.

22 (a) (1) There is a Bay Restoration Fund.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) (1) In this subsection, “eligible costs” means the additional costs that would
2 be attributable to upgrading a wastewater facility from biological nutrient removal to
3 enhanced nutrient removal, as determined by the Department.

4 (2) Funds in the Bay Restoration Fund shall be used only:

5 (i) To award grants for up to 100% of eligible costs of projects
6 relating to planning, design, construction, and upgrade of a wastewater facility for flows up
7 to the design capacity of the wastewater facility, as approved by the Department, to achieve
8 enhanced nutrient removal in accordance with paragraph (3) of this subsection;

9 (ii) In fiscal years 2016 and thereafter, for up to 87.5% of the total
10 cost of projects, as approved by the Department, relating to combined sewer overflows
11 abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including
12 pumping stations;

13 (iii) In fiscal years 2010 and thereafter, for a portion of the operation
14 and maintenance costs related to the enhanced nutrient removal technology, which may
15 not exceed 10% of the total restoration fee collected from users of wastewater facilities
16 under this section by the Comptroller annually;

17 (iv) In fiscal years 2018 and thereafter, after payment of outstanding
18 bonds and the allocation of funds to other required uses of the Bay Restoration Fund for
19 funding in the following order of priority:

20 1. For funding an upgrade of a wastewater facility to
21 enhanced nutrient removal at wastewater facilities with a design capacity of 500,000
22 gallons or more per day;

23 2. For funding for the most cost-effective enhanced nutrient
24 removal upgrades at wastewater facilities with a design capacity of less than 500,000
25 gallons per day; and

26 3. As determined by the Department and based on water
27 quality and public health benefits, for the following:

28 A. For costs identified under item (ii) of this paragraph;

29 B. For costs identified under subsection (h)(2)(i)1 of this
30 section; and

31 C. With respect to a local government that has enacted and
32 implemented a system of charges to fully fund the implementation of a stormwater
33 management program, for grants to the local government for a portion of the costs of the
34 most cost-effective and efficient stormwater control measures, as determined and approved
35 by the Department, from the restoration fees collected annually by the Comptroller from
36 users of wastewater facilities under this section;

1 (v) As a source of revenue or security for the payment of principal
2 and interest on bonds issued by the Administration if the proceeds of the sale of the bonds
3 will be deposited in the Bay Restoration Fund;

4 (vi) To earn interest on Bay Restoration Fund accounts;

5 (vii) For the reasonable costs of administering the Bay Restoration
6 Fund, which may not exceed 1.5% of the total restoration fees imposed on users of
7 wastewater facilities that are collected by the Comptroller annually;

8 (viii) For the reasonable administrative costs incurred by a local
9 government or a billing authority for a water or wastewater facility collecting the
10 restoration fees, in an amount not to exceed 5% of the total restoration fees collected by
11 that local government or billing authority;

12 (ix) For future upgrades of wastewater facilities to achieve additional
13 nutrient removal or water quality improvement, in accordance with paragraphs (6) and (7)
14 of this subsection;

15 (x) For costs associated with the issuance of bonds;

16 (xi) Subject to the allocation of funds and the conditions under
17 subsection (h) of this section, for projects related to the removal of nitrogen from on-site
18 sewage disposal systems and cover crop activities; [and]

19 (xii) For costs associated with the implementation of alternate
20 compliance plans authorized in § 4-202.1(k)(3) of this article; AND

21 **(XIII) FOR COSTS ASSOCIATED WITH THE PURCHASE OF**
22 **COST-EFFECTIVE NITROGEN AND PHOSPHOROUS NUTRIENT CREDITS IN SUPPORT**
23 **OF THE EFFORTS BY THE STATE TO RESTORE THE HEALTH OF THE CHESAPEAKE**
24 **BAY.**

25 (1) **(1)** [The] **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
26 Department shall adopt regulations that are necessary or appropriate to carry out the
27 provisions of this section.

28 **(2) REGULATIONS ADOPTED TO CARRY OUT SUBSECTION (1)(2)(XIII)**
29 **OF THIS SECTION SHALL BE ADOPTED IN CONSULTATION WITH THE SECRETARY OF**
30 **AGRICULTURE AND THE SECRETARY OF NATURAL RESOURCES.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2016.