

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 106

(Chair, Environment and Transportation Committee)(By
Request - Departmental - Natural Resources)

Economic Matters

Education, Health, and Environmental Affairs

Environmental Trust Fund - Surcharge Extension

This departmental bill extends the environmental surcharge that generates revenue for the Environmental Trust Fund (ETF) through fiscal 2030. **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: Special fund revenues to and expenditures from ETF continue beyond FY 2020 at approximately \$8.8 million annually. State agencies, as users of electricity, continue to pay the surcharge beyond FY 2020, totaling approximately \$230,000 annually.

Local Effect: Local governments, as users of electricity, continue to pay the surcharge beyond FY 2020.

Small Business Effect: The Department of Natural Resources (DNR) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law/Background: ETF was established by Chapter 31 of 1971 (Senate Bill 540) to fund electric power plant site evaluation and acquisition and research on environmental and land use considerations associated with power plants. ETF's revenue is from an environmental surcharge per kilowatt-hour (kWh) of electric energy distributed in the State, which is paid by electric companies. The amount of the surcharge for each account for each retail electric customer may not exceed the lesser of 0.15 mill per kWh or

\$1,000 per month, and the surcharge may not continue beyond fiscal 2020, unless legislation is enacted to reauthorize it. From fiscal 2013 through 2018, the surcharge generated an average of \$8.8 million in annual revenues.

Revenue generated from the environmental surcharge is deposited in ETF within DNR and used primarily to support the Power Plant Research Program (PPRP). PPRP, in cooperation with several specified State agencies, evaluates sites for their suitability for use as electric power plants, including related environmental and land use considerations; this information is then used by the Public Service Commission (PSC) in considering requests for new power plants and associated transmission lines. Each year, PSC sets the amount of the surcharge based on the legislative appropriation for DNR. In addition to PPRP, ETF funding is also used for administrative costs and other programs within DNR's Resource Assessment Service as well as energy conservation projects under the Chesapeake Conservation Corps Program. The Maryland Energy Administration may also receive administrative and fiscal support from ETF for studies relating to the conservation or production of electric energy, up to \$250,000 in any fiscal year.

State Fiscal Effect: Special fund revenues to and expenditures from ETF continue beyond fiscal 2020. While revenues to and from the fund vary from year to year, it is assumed, for the purposes of this fiscal and policy note, that ETF revenues and expenditures average \$8.8 million annually, based on the revenues collected from fiscal 2013 through 2018. For DNR programs and administrative costs, the Governor's proposed fiscal 2020 budget includes \$8.4 million in special funds from ETF (including \$5.4 million for PPRP).

As users of electricity, State agencies continue to pay the environmental surcharge beyond fiscal 2020. Based on information provided by the Department of General Services, State expenditures for the surcharge total approximately \$230,000 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources; Department of General Services; Public Service Commission; Office of People's Counsel; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2019
an/lgc Third Reader - March 14, 2019
Revised - Amendment(s) - March 14, 2019

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Environmental Trust Fund - Surcharge Extension

BILL NUMBER: HB 106

PREPARED BY: Allison Cordell, Legislative Director

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS