

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 246 (Senator Kagan)
 Education, Health, and Environmental Affairs

Environment - Salt Applicator Certification Program - Establishment

This bill requires the Maryland Department of the Environment (MDE) to establish a Salt Applicator Certification Program.

Fiscal Summary

State Effect: Special fund expenditures and revenues increase correspondingly by \$320,400 in FY 2023, and by ongoing amounts in future years. State expenditures (multiple fund types) may further increase, as discussed below.

| (in dollars) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------|-----------|-----------|-----------|-----------|-----------|
| SF Revenue | \$320,400 | \$218,000 | \$223,700 | \$209,100 | \$214,800 |
| SF Expenditure | 320,400 | 218,000 | 223,700 | 209,100 | 214,800 |
| GF/SF/Other Exp. | - | - | - | - | - |
| Net Effect | (-) | (-) | (-) | (-) | (-) |

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

Local Effect: Local government expenditures may be affected, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires MDE to establish a Salt Applicator Certification Program that (1) encourages efficient winter maintenance of roadways, parking lots, and sidewalks through the use of salt or salt alternatives and (2) provides a certification to a commercial applicator who successfully completes the program. MDE may delegate administration of the program to a person certified in the use of salt and salt alternatives for the winter maintenance of roadways, parking lots, and sidewalks.

“Commercial applicator” is defined as an individual who applies, or supervises the application of, salt or a salt alternative. “Commercial applicator” includes private business owners and property managers but not State or local government employees.

Each commercial applicator must participate in the program, be certified by October 1, 2024, and maintain a valid certification to continue providing the services of a commercial applicator. A salt applicator certification is valid for three years. MDE must charge a fee to participate in the program, which must be set at an amount that recovers the costs of administering the program.

Certified commercial applicators must also maintain, for a minimum of three years, records of each salt application for a winter weather event and submit an annual report on their salt use to MDE.

MDE may adopt regulations to carry out the bill.

Current Law: Chapters 606 and 607 of 2010 required the State Highway Administration (SHA), in consultation with MDE, to develop a road salt management best practices guidance document (now referred to by SHA as the [Statewide Salt Management Plan](#)) by October 1, 2011, for use by local jurisdictions and the State to minimize the adverse environmental impacts of road salt runoff in the State. SHA must annually update the guidance document and make it available to the public on the administration’s website. Under Chapters 606 and 607, SHA is authorized to, within the road salt management best practices guidance document:

- establish best management practices that protect the environment from the negative impacts of road salt;
- identify all activities that may result in the release of road salt into the environment;
- take into consideration highway safety to the greatest extent possible;
- establish standards and procedures for identifying areas that are particularly vulnerable to road salt runoff and additional road salt management practices that need to be implemented in those areas;
- establish goals for achieving a reduction of the environmental impact of road salt released into the environment;
- include a training program for all State, local, and contract personnel who perform winter maintenance activities involving the use of road salt;
- establish response procedures to address uncontrolled releases of road salt that may adversely impact the environment; and
- establish record keeping and annual reporting procedures for the quantity of road salt used, the locations where the road salt is used, and any training conducted.

State Expenditures:

Maryland Department of the Environment Program Costs

Special fund expenditures increase by \$320,409 in fiscal 2023, which accounts for the bill's October 1, 2022 effective date. This estimate reflects the cost of (1) hiring a natural resource planner (to develop and coordinate the Salt Applicator Certification Program) and two administrative aides (to handle administration of the program, including tracking certification information, issuing certifications, and communicating with commercial applicators) and (2) contractual services for curriculum (and test) development, online training software (to pair with hands-on training), and database management solutions. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

MDE is currently developing a voluntary winter salt application training program and has secured a \$65,000 contract for development of curriculum and virtual training options. MDE expects to delegate administration of the program to a third party. If this bill is enacted, because it requires a mandatory certification program, MDE expects to instead administer the program within the department, requiring the additional resources described above and shown below, including additional curriculum development resources (beyond the \$65,000) needed to develop a mandatory certification program, including both training and a test.

| | |
|---------------------------------------|------------------|
| Positions | 3.0 |
| Salaries and Fringe Benefits | \$147,380 |
| Contractual Services | 150,000 |
| Other Operating Expenses | <u>23,029</u> |
| Total FY 2023 MDE Expenditures | \$320,409 |

Future year expenditures reflect full salaries with annual increases and employee turnover, contractual services costs in fiscal 2024 and 2025, as well as annual increases in ongoing operating expenses.

The Department of Legislative Services notes that while it is assumed for the purposes of this fiscal and policy note that the program is covered by special funds (since the bill requires that the fee charged for the program cover the costs of administering the program), it appears uncertain whether sufficient revenues will be able to be generated from fees, depending on the number of participants in the program. *For illustrative purposes*, if there are 500 participants in the program in the first year, they would each need to pay a fee of \$641 to cover the program's costs. General funds may be needed to supplement the special funds if sufficient revenues cannot be generated from fees to fully cover the program's costs.

Potential Increased Costs of Salt Application Contracts

State expenditures (multiple fund types) may increase to the extent that salt application contractors hired by State agencies pass on the costs associated with the certification program (*e.g.*, any lost revenue from time spent on training and certification) to State agencies through their contract rates.

State Revenues: Special fund revenues increase by \$320,409 in fiscal 2023, and by ongoing amounts in future years, reflecting fee revenues sufficient to cover the costs of administering the program.

As noted above, while it is assumed for the purposes of this fiscal and policy note that the program is covered by special funds, it is unclear whether this level of special fund revenues will be able to be generated from fees.

Local Fiscal Effect: Local government expenditures may increase to the extent that contractors hired by local governments pass on the costs associated with the certification program to local governments through their contract rates.

Small Business Effect: Small business commercial applicators may be meaningfully affected by the bill's requirements to the extent that costs associated with the certification program (the program fee, lost revenue from time spent on training and certification, and any costs of recordkeeping and reporting) cannot be passed on to customers/clients.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 371 (Delegate Qi, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Department of the Environment; Maryland Department of Transportation; Harford, Montgomery, and Wicomico counties; City of Frostburg; Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2022
rh/lgc

Analysis by: Scott D. Kennedy

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