

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 831 (Delegate Stein)  
 Environment and Transportation

Environment - Septic Systems - Online Database

This bill requires the Maryland Department of the Environment (MDE) to develop and maintain an online database of all septic systems installed in the State in order to track specified information related to the systems and their installation. Each local jurisdiction must report information on septic systems to MDE in a manner determined by MDE. The bill establishes specified deadlines for MDE to update the database with information on septic systems. Finally, MDE must establish a workgroup to oversee the development and population of the database.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$1.4 million in FY 2024 and by \$2.8 million in FY 2025 for staff and contractual database costs. Future years reflect ongoing costs. State revenues are not affected.

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.4	2.8	0.4	0.5	0.5
Net Effect	(\$1.4)	(\$2.8)	(\$0.4)	(\$0.5)	(\$0.5)

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

**Local Effect:** Local expenditures for local approving authorities (primarily local health departments (LHDs)) increase by a minimum of \$3.0 million statewide in initial costs alone. Local revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** MDE must develop and maintain the database in order to track the following information about septic systems and their installation: (1) location, as specified; (2) permit number; (3) date of installation; (4) soil evaluation tests; (5) name of designer and installers; (6) type of system; (7) property type (residential, commercial, or industrial); (8) location of the backup drain field (if applicable); and (9) repair history (if a permit was required).

A local jurisdiction that already maintains an online database for septic systems may provide a link to the database to satisfy the requirement to report the required information to MDE. However, the local jurisdiction must maintain information similar to what is required under the bill.

MDE must update the database (1) by July 1, 2026, with information for all septic systems installed in the State since calendar 2000 and (2) by July 1, 2033, with information for all septic systems installed in the State before calendar 2000.

**Current Law:** MDE delegates the authority to issue permits to construct and repair conventional septic systems to local approving authorities (generally LHDs). Pursuant to current regulations, a person may not construct or attempt to construct a septic system without first obtaining a permit from the appropriate approving authority. A person also may not alter a septic system or cause it to receive any increase in flow or change in the character of wastewater unless permitted. A person must obtain an appropriate septic system permit, well construction permit, public or private water supply system permit, or public or private sewerage permit before constructing or altering any structure, residence, floating home, or commercial establishment that is served or planned to be served by a septic system or a private water supply system.

**State Expenditures:** General fund expenditures for MDE increase by \$1.4 million in fiscal 2024, which accounts for the bill's October 1, 2023 effective date. This estimate reflects the cost of hiring four environmental health specialists and one assistant Attorney General to (1) travel to each local approving authority to review, gather, and coordinate data with the local IT teams; (2) generally review and maintain the required data; (3) establish the workgroup; (4) respond to public information actions as necessary; and (5) ensure that confidential information is not published in the database. It includes salaries, fringe benefits, one-time start-up costs (including contractual costs to begin developing the database and costs to purchase additional servers), and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- as mentioned, the septic system permitting process is primarily delegated to local approving authorities, which are typically LHDs, and the permits used by each of the 23 approving authorities are not standardized;
- between 10,000 and 15,000 septic permits are issued statewide each year, so the initial database, if populated as soon as the database is developed, includes at least 230,000 to 345,000 septic permits;
- septic permits often have supporting documents, including soil testing results, site plat drawings, and complex design plans that may be challenging to put into a format to enter into the database;
- permit information must be reviewed, organized, and generally deciphered, as well as scrubbed for any potentially confidential information; and
- even though the initial deadline for MDE to populate the database is July 1, 2026, staff must be hired in fiscal 2024 due to the significant volume of work that must be accomplished.

Positions	5.0
Salaries and Fringe Benefits	\$316,632
Contractual Costs for Database	1,052,125
Costs to Purchase Servers	30,000
Other Operating Expenses	<u>37,045</u>
<b>Total FY 2024 MDE Expenditures</b>	<b>\$1,435,802</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses, including \$2.3 million in contractual database costs in fiscal 2025.

MDE advises that, when contracting similar work in the past, it has paid the contractor directly, with assistance from the Department of Information Technology (DoIT) as necessary. Therefore, this analysis does not reflect any reimbursable revenues or expenditures for DoIT.

**Local Expenditures:** Local expenditures increase significantly, likely in fiscal 2024 and 2025, to update existing local database systems and to digitize existing paper records. The Maryland Association of County Health Officers (MACHO) advises that 13 LHDs currently maintain paper record systems for septic system permits. MACHO estimates that the costs to upgrade just these 13 LHD’s paper record systems to electronic systems total approximately \$3.0 million. Additional costs may be incurred for some LHDs to update their existing electronic systems if they do not contain the required information or are unable to communicate with MDE’s database. Also, until LHDs have electronic systems that can automate some of the required information, there is likely a significant amount of administrative work that must be conducted manually to obtain and share the required

information with MDE. Accordingly, some LHDs may need to hire staff at least for a few years to handle these activities.

For reference, Frederick County estimates that it needs to hire three administrative specialists for three years to fulfill the bill's requirements, resulting in costs of approximately \$180,000 annually in fiscal 2024 through 2026.

**Small Business Effect:** The real estate industry may benefit from an online database with information regarding septic systems by reducing the amount of time it takes to gather historical information on such systems.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Frederick County; City of Havre de Grace; Town of Leonardtown; Maryland Department of the Environment; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2023  
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