

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 971 (Delegate Ebersole, *et al.*)  
 Environment and Transportation

Department of the Environment – Green Roof Grant Program

This bill establishes the Green Roof Grant Program in the Maryland Department of the Environment (MDE) to provide funds to eligible grantees to support the construction of green roofs. MDE must administer the program and adopt implementing regulations. The bill establishes provisions governing grant applications and grant awards, including a requirement that a grant be recaptured if an eligible grantee fails to meet specified requirements. By December 31 each year, beginning in 2024, MDE must report to the General Assembly on the grant program. **The bill takes effect July 1, 2023, and terminates June 30, 2035.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$1.6 million in FY 2024 to hire staff and provide grants, under the assumptions discussed below. Future years reflect ongoing grant awards and administrative costs. Revenues are not anticipated to be materially affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1,601,000	1,592,200	1,596,300	1,600,600	1,605,900
Net Effect	(\$1,601,000)	(\$1,592,200)	(\$1,596,300)	(\$1,600,600)	(\$1,605,900)

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

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** Subject to the availability of funding and the limitations of the bill, MDE must award a grant to an eligible grantee to offset the expenses to construct a green roof. Grants must be awarded on a first-come first-served basis.

MDE may issue one grant to an eligible grantee for each commercial building owned by the grantee on which a green roof is constructed. MDE may not award grants for amounts totaling more than \$75,000 to a single eligible grantee in a fiscal year.

A grant application must be submitted on a form that the Secretary of the Environment requires and must contain (1) the location of the proposed green roof; (2) proof that the applicant has received all required permits and approvals to construct the green roof, as specified; (3) a commitment by the applicant to submit proof to MDE when construction is completed; (4) a commitment by the applicant that the green roof will cover at least 60% of the roof on which it is constructed and will be maintained for at least five years after construction is completed; (5) an acknowledgement by the applicant that the amount of the grant may be recaptured if the applicant fails to meet the required commitments; and (6) any other information required by MDE.

If a grantee fails to meet the above-mentioned commitments, the total amount of any grant awarded must be recaptured, as specified. MDE may waive the recapture of a grant if MDE determines that the failure to maintain the green roof was due to a natural disaster, an act of terrorism, or a similar circumstance beyond the grantee's control.

**Current Law:** Maryland's stormwater management program works to mitigate the impacts of new development and redevelopment activities through the implementation of stormwater best management practices. Revisions to Maryland's stormwater management regulations in 2010 require that environmental site design (ESD) be used to the maximum extent practicable to mimic natural hydrologic runoff characteristics and minimize the impact of land development on water resources. According to MDE, because they are designed to grow plants on rooftops, the areas covered by green roofs have runoff characteristics that resemble grassed or open space areas. As a result, MDE considers green roofs to be an alternative surface that may be used to mitigate impervious cover, more closely mimic natural hydrology, and contribute to meeting ESD requirements.

**State Expenditures:** The bill does not mandate funding for the grant program or otherwise specify an intended funding level or funding source for the grant program. In order to establish a viable grant program, this estimate assumes that \$1.5 million in general funds is needed each year to provide grants under the program, which is enough to award 20 grants at the maximum amount of \$75,000 per grantee per fiscal year.

Therefore, general fund expenditures increase by \$1,601,019 in fiscal 2024, which accounts for the bill’s July 1, 2023 effective date. This estimate reflects the cost of hiring one administrator within MDE to (1) draft regulations; (2) establish, implement, and administer the grant program; (3) receive and track proof of green roof completion and maintenance; and (4) compile and submit the annual report. In addition to \$1.5 million in grant awards, the estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$93,345
Grant Awards	1,500,000
Other Operating Expenses	<u>7,674</u>
<b>Total FY 2024 State Expenditures</b>	<b>\$1,601,019</b>

Future year expenditures reflect (1) ongoing grant awards totaling \$1.5 million annually and (2) a salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MDE advises that it needs to hire three employees to implement the bill (one administrator/funding coordinator, one accountant, and one engineer). Without actual experience under the bill, the need for that level of staffing is unclear. To the extent that the one additional position proves insufficient, MDE may request additional resources through the annual budget process.

This analysis generally assumes that grantees comply with the bill’s provisions and that, as a result, grant awards are likely not required to be recaptured.

**Small Business Effect:** Small businesses may benefit to the extent they apply for and receive grants under the bill to construct green roofs. In addition, small businesses that specialize in installing and/or maintaining green roofs may benefit from an increase in the demand for their services.

### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Comptroller’s Office; Maryland Department of the Environment; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2023  
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Analysis by: Kathleen P. Kennedy

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