

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 892 (Delegate Ivey)
Environment and Transportation and
Appropriations

**Environment - Comprehensive Flood Management Grant Program - Funding for
Underserved and Overburdened Communities**

This bill authorizes annual funding of up to \$20.0 million – beginning in fiscal 2025 – for the comprehensive flood management grant program and requires – beginning in fiscal 2025 – that a specified percentage of funding under the program benefit underserved or overburdened communities. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: The bill does not directly affect State finances, as discussed below.

Local Effect: The bill may affect local government finances, beginning in FY 2025, as discussed below.

Small Business Effect: None.

Analysis

Bill Summary: For fiscal 2025 and each fiscal year thereafter, the bill authorizes the Governor to include in the annual State budget an appropriation for the comprehensive flood management grant program of up to \$20.0 million. The bill also requires that, in fiscal 2025 and each fiscal year thereafter, at least 40% of funding provided under the program be used for projects located in or directly benefiting underserved or overburdened communities.

“Underserved community” and “overburdened community” have the meanings stated under existing provisions of the Environment Article of the Maryland Code that establish and govern the Commission on Environmental Justice and Sustainable Communities. “Underserved community” means any census tract in which, according to the most recent U.S. Census Bureau Survey (1) at least 25% of the residents qualify as low-income; (2) at least 50% of the residents identify as nonwhite; or (3) at least 15% of the residents have limited English proficiency. “Overburdened community” means any census tract for which three or more of specified environmental health indicators are above the seventy-fifth percentile statewide.

Current Law: There is a comprehensive flood management grant program within the Maryland Department of the Environment (MDE). Subject to specified criteria, MDE may provide grants to local governments under the program for:

- flood control and watershed management capital projects and capital costs of automated flood warning projects;
- acquisition of any flood damaged owner-occupied dwelling, immediately after a flood; and
- infrastructure repairs, watershed management, or emergency protection work if the local government has incurred at least \$1.0 million in infrastructure damage caused by a flood event that occurred on or after January 1, 2009.

Statute required – for fiscal 2021 through 2023 – that the Governor include in the annual State budget an appropriation for the program of at least \$3.0 million in fiscal 2021 and 2022 and at least \$2.0 million in fiscal 2023.

State Fiscal Effect: The bill does not directly affect State finances since the bill authorizes funding for the comprehensive flood management grant program of up to \$20.0 million each fiscal year, beginning in fiscal 2025, and planned spending for the program, in the absence of the bill, is consistent with that authorization. The Governor’s fiscal 2024-2028 *Capital Improvement Program* includes \$10.0 million in general obligation bond funding for the program in each of fiscal 2025 through 2028.

In addition, it is assumed that the bill’s requirement that, beginning in fiscal 2025, at least 40% of funding provided under the program be used for projects located in or directly benefiting underserved or overburdened communities, can be implemented by MDE with existing resources.

To the extent the bill is interpreted as suggesting that a higher level of funding be provided for the program than would otherwise be provided in the absence of the bill, additional staff are likely needed within MDE to administer the additional funding, with the need for additional staff being dependent on the amount of the increase in funding. *For illustrative*

purposes only, if \$20.0 million is provided for the program, three additional positions are needed within MDE at a cost of \$269,600 in fiscal 2025, with similar costs in future years (reflecting full salaries with annual increases and employee turnover and annual increases in ongoing operating expenses).

Local Fiscal Effect: While the bill does not directly affect local government finances overall, the allocation of grant funding among individual local governments under the program may be affected by the bill's requirement that, beginning in fiscal 2025, at least 40% of funding provided under the program be used for projects located in or directly benefiting underserved or overburdened communities.

Additional Information

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

Designated Cross File: SB 813 (Senator A. Washington) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Caroline and Prince George's counties; Maryland Municipal League; Maryland Department of the Environment; Department of Budget and Management; Maryland Department of Planning; Board of Public Works; Department of Legislative Services

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