

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 216 (Delegate Qi, *et al.*)
 Environment and Transportation

Environment - Salt Applicator Certification Program - Establishment

This bill requires the Maryland Department of the Environment (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. Each commercial applicator must participate in the program, be certified by October 1, 2025, and maintain a valid certification to continue providing the services of a commercial applicator. A certification is valid for three years. MDE must charge a program participation fee that is set to cover program administration costs; however, MDE must cover the cost of the fee for a commercial applicator who successfully completes the program by October 1, 2024. MDE may adopt regulations to carry out the bill.

Fiscal Summary

State Effect: General fund expenditures increase by \$329,900 in FY 2024; out-years reflect annualization, inflation, and ongoing costs. General fund revenues from program participation fees increase by up to \$171,900 in FY 2025 and correspondingly to expenditures beginning in FY 2026. State expenditures (multiple fund types) may further increase, as discussed below.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	\$0	\$171,900	\$238,500	\$228,300	\$240,400
GF Expenditure	\$329,900	\$229,300	\$238,500	\$228,300	\$240,400
GF/SF/Other Exp.	-	-	-	-	-
Net Effect	(-)	(-)	(-)	(-)	(-)

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

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

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “Commercial applicator” is defined as an individual who operates a business or nonprofit and (1) applies salt or a salt alternative or (2) supervises other individuals who apply salt or a salt alternative. “Commercial applicator” does not include State or local government employees, the owner of an owner-occupied residential property, or the landlord or tenant of a single-unit residential rental property.

MDE must either administer the program or delegate administration to a person certified in the use of salt and salt alternatives for the winter maintenance of roadways, parking lots, and sidewalks.

Certified commercial applicators must also (1) maintain, for a minimum of three years, records of each salt application for a winter weather event and (2) submit an annual report on their salt use to MDE.

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 [Maryland 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 recordkeeping 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

General fund expenditures increase by \$329,907 in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date. This estimate reflects the cost of (1) hiring one 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 in the process of promulgating regulations creating a voluntary salt applicator and property manager certification program that it can outsource to a third party to administer. However, the department indicates that a mandatory certification program would likely need to be administered by the department because of its regulatory nature, requiring additional staff and resources to develop, manage, and ensure compliance with the program.

Positions	3.0
Salaries and Fringe Benefits	\$156,680
Contractual Services	150,000
Other Operating Expenses	<u>23,227</u>
Total FY 2024 MDE Expenditures	\$329,907

Future year expenditures reflect full salaries with annual increases and employee turnover, contractual services costs in fiscal 2025 and 2026, as well as annual increases in ongoing operating expenses.

The Department of Legislative Services notes that MDE advises that, in order to implement the bill, it needs to hire four full time employees and one half-time employee and spend greater amounts on contractual services and other operating expenses than are reflected in this estimate. However, without actual experience under the bill, the need for that level of staffing and other resources is unclear. To the extent that three additional positions and the amounts identified above for contractual services and other operating expenses prove insufficient, MDE may request additional resources through the annual budget process.

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: General fund revenues from program participation fees increase by up to \$171,943 in fiscal 2025 (75% of the amount of estimated program costs in fiscal 2025), and by ongoing amounts in future years. The bill explicitly requires MDE to set program participation fees at an amount that covers the costs of administering the program. Because the bill requires MDE to cover the program participation fee for a commercial applicator who successfully completes the program by October 1, 2024, this estimate assumes that (1) MDE covers the fee for at least 25% of the participants in fiscal 2025 (those that complete the program before October 1, 2024) and (2) there is no fee revenue in fiscal 2024.

The bill does not direct fee revenue into any of MDE's special funds; thus, it is assumed that fee revenue is deposited into the general fund. It is also assumed that the fee to "participate in the program" means that in order to maintain certification, which is valid for three years, a salt applicator must pay the participation fee every three years. The number of individuals who must obtain certification under the bill is unknown, so actual fee amounts cannot be reliably predicted; however, MDE advises that there is a high level of turnover in the industry, so it is reasonable to assume that program fees can be set at a level to cover annual administrative costs each year.

Local Expenditures: 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: Similar legislation has been introduced within the last three years. See SB 246 and HB 371 of 2022.

Designated Cross File: None.

Information Source(s): Harford and Wicomico counties; cities of College Park and Frostburg; University System of Maryland; Maryland Department of the Environment; Department of General Services; Maryland Department of Transportation; Department of Legislative Services

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km/lgc

Analysis by: Kathleen P. Kennedy

Direct Inquiries to:

(410) 946-5510

(301) 970-5510