

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE

Enrolled - Revised

Senate Bill 719

(Chair, Education, Energy, and the Environment
Committee)(By Request - Departmental - Maryland
Energy Administration)

Education, Energy, and the Environment

Economic Matters

Public Safety - State Fuel Security Program

This departmental bill establishes a State Fuel Security Program, administered and enforced by the Maryland Energy Administration (MEA), and authorizes certain collection, analysis, and distribution of energy-related data by MEA to carry out the program. The parameters of the program are otherwise largely undefined.

Fiscal Summary

State Effect: The bill is not expected to have a direct, material effect on State finances. MEA and other affected State agencies can implement the bill with existing resources. The bill's administrative penalty provisions are not anticipated to materially affect State revenues.

Local Effect: The bill is not expected to have a direct, material effect on local government finances.

Small Business Effect: MEA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

State Fuel Security Program Established

The bill establishes a State Fuel Security Program, administered and enforced by MEA. MEA must (1) maintain plans and procedures to carry out the program and (2) adopt regulations for the administration and enforcement of the program.

The program applies to (1) motor gasoline; (2) middle distillate; (3) propane; (4) residual fuel, except as specified; and (5) aviation gasoline.

Data Collection, Analysis, and Distribution

To carry out the program, MEA is authorized to collect energy-related data to inform its evaluations and decisions regarding energy, as well as those of State and federal agencies and the public. MEA may require a prime supplier, supplier, or wholesale purchaser-reseller to provide necessary information. MEA must coordinate with the Department of Information Technology to ensure that the collected data is transmitted and held securely.

“Prime supplier” means a supplier that makes the first sale of a State fuel security product (a fuel product listed above to which the program applies), intended for consumption in the State, into the State distribution system.

“Supplier” means a business entity or a part or subsidiary of a business entity that supplies, sells, transfers, or otherwise furnishes, including by consignment, a State fuel security product to consumers or wholesale purchaser-resellers.

“Wholesale purchaser-reseller” means a business entity that (1) purchases, receives through transfer, or otherwise obtains, including by consignment, a State fuel security product and (2) resells or transfers the State fuel security product to other purchasers without substantially changing its form.

MEA is also authorized to maintain up-to-date reports on the supply, demand, and price of various energy resources, including (1) State fuel security products; (2) wholesale electricity; (3) coal; (4) natural gas; and (5) petroleum. In maintaining those reports, MEA must use data available from existing State and federal sources to the extent practicable.

MEA must coordinate with the Maryland Department of Emergency Management to develop an information distribution plan to disseminate energy-related information to the general public and relevant State and federal agencies. Data disseminated to the public under the information distribution plan may not create a competitive advantage for or a disadvantage to the person who supplied the energy-related data. MEA must maintain confidentiality of all data that may create a competitive advantage or disadvantage that is unknown to competitors. In the event that data collected pursuant to the bill is stolen, breached, compromised, or otherwise released in an unauthorized manner, MEA must inform all parties that provided the data within 72 hours after learning of the release.

Administrative Penalties

A person who violates the bill's provisions, or a regulation adopted under the bill, is subject to an administrative penalty of up to \$1,000 for a first violation and up to \$5,000 for a second or subsequent violation.

Current Law: Among its duties, MEA must collect, analyze, and evaluate statistics and information related to energy use, conservation, consumption, and energy production and coordinate information related to energy resources, including electricity, natural gas, and the production of oil and natural gas, with specified State entities.

MEA is also responsible for aspects of the State's preparedness for, and management of, general energy emergencies and shortfalls. MEA must:

- prepare contingency plans for mitigating the impact of any severe shortage of fuel resources, including middle distillate oil, motor gasoline, residual fuel oil, and propane gas, on various classes of consumers;
- work with the U.S. Department of Energy (DOE) in preparing and training for an energy emergency response;
- maintain communications, including computerized electronic communication, with DOE and with neighboring states to obtain and share energy data pertaining to energy emergencies; and
- collect, analyze, evaluate, and maintain on a proprietary basis so as to preserve confidentiality of its source, data related to managing an energy emergency or shortfall.

Background: A previous fuel security program, the State Standby Petroleum Fuel Set-Aside Program, was established in 1982 and terminated in 2010. It authorized the State to assign a portion of the motor gasoline, middle distillate, propane, certain residual oil, and aviation gasoline received in the State to priority activities if the Governor declared a state of emergency due to a severe shortfall of any of those fuels. According to MEA, the program did not provide the agency with sufficient authority to collect necessary data to maintain reports of fuel levels and capacity within the State and did not provide sufficient enforcement authority to encourage compliance.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Energy Administration; Maryland Department of Emergency Management; Office of the Attorney General; Judiciary (Administrative Office of the Courts); Maryland Department of Agriculture; Maryland Department of Health; Department of State Police; Maryland Department of Transportation; Public Service Commission; Maryland Environmental Service; Maryland Institute for Emergency Medical Services Systems; Kent, Montgomery, and Worcester counties; Baltimore City Public Schools; towns of Bel Air and Leonardtown; Northeast Maryland Waste Disposal Authority; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2023
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Public Safety – State Fuel Security Program**

BILL NUMBER: **SB 719**

PREPARED BY: **Landon R. Fahrig, Esq.**

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

MEA0005 will have little impact on Maryland small businesses. Businesses that store fuels regulated by MEA under the statute will incur minimal administrative burdens.