

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1174

(Senator McCray)(By Request - Baltimore City
 Administration)

Education, Energy, and the Environment

Rules and Executive Nominations

Baltimore Regional Water Authority Governance Workgroup - Established

This bill establishes the Baltimore Regional Water Authority Governance Workgroup to review and analyze various topics related to regional governance models for water and wastewater in the Baltimore region. The Mayor of Baltimore City and the Baltimore County Executive must jointly provide staff for the workgroup. In consultation with the Office of the Attorney General (OAG) and the Maryland Department of the Environment (MDE), the workgroup must develop a report of its findings and, by June 30, 2027, submit the report to the Mayor of Baltimore City, the Baltimore County Executive, the Governor, and the General Assembly. The workgroup must hire independent consultants to facilitate the workgroup’s tasks. The Governor must include in the annual budget bill for fiscal 2026 an appropriation of \$500,000 to hire the independent consultants. **The bill takes effect July 1, 2024, and terminates June 30, 2027.**

Fiscal Summary

State Effect: No effect in FY 2025. General fund expenditures increase by \$500,000 only in FY 2026 due to the mandated appropriation. State revenues are not affected. **This bill establishes a mandated appropriation for FY 2026.**

| (in dollars) | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|----------------|---------|-------------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 500,000 | 0 | 0 | 0 |
| Net Effect | \$0 | (\$500,000) | \$0 | \$0 | \$0 |

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

Local Effect: Baltimore City and Baltimore County revenues increase by a total of \$500,000 in FY 2026; expenditures increase correspondingly, as discussed below.

Small Business Effect: Minimal overall, but potential meaningful impact on any small business independent consultants hired under the bill.

Analysis

Bill Summary: The workgroup must (1) review the report of the Baltimore Regional Water Governance Task Force submitted pursuant to Chapters 178 and 179 of 2023; (2) analyze issues relevant to implementing a regional water authority governance model in the Baltimore region, including several specified tasks; (3) analyze whether creating a City-County Rate Board is necessary to ensure fairness for consumers and balance city and county rates; and (4) review the regional governance models recommended in the task force report and other existing and potential regional water and wastewater governance models to assess how different regional approaches may improve specified metrics. In developing the required report, the workgroup may not consider or make recommendations related to a privately operated regional water governance model.

The independent consultants hired pursuant to the bill must include (1) outside counsel to assist with the analysis of issues related to regional governance and (2) experts in equity analysis.

Workgroup members may not receive compensation but are entitled to reimbursement for expenses.

Current Law: Chapters 178 and 179 established the Baltimore Regional Water Governance Task Force to (1) review specified findings of the 2021 [Water/Sewer Services Comprehensive Business Process Review](#) conducted by a consulting firm hired by Baltimore City and Baltimore County; (2) review other existing regional water and wastewater governance models to assess how different regional approaches may improve specified metrics; (3) assess alternative governance structures for the Baltimore region's water and wastewater utility; (4) analyze the fiscal implications and efficiencies of each alternative governance structure; and (5) make a recommendation regarding the governance model best suited for water and wastewater systems in the Baltimore region and the legislation and funding necessary to establish the recommended model. The final report of the task force, published in January 2024, is available on Baltimore City's [website](#).

The Baltimore County Metropolitan District, established by the General Assembly pursuant to Chapter 539 of 1924, is the geographic boundary within which a property may be eligible to receive public water and sewer service. Residents of both Baltimore City and Baltimore County currently receive water through a system managed by the Baltimore City Department of Public Works under an agreement that dates back to 1972. A 1974 agreement governs Baltimore City's responsibility for the treatment of city and county wastewater. Under these agreements, Baltimore City bills all customers for water use. Each jurisdiction bills its own residents for sewer charges and other related charges. Baltimore City is primarily responsible for managing the water and wastewater facilities.

According to the task force report, the regional drinking water and wastewater systems now serve as many as 1.8 million residents across Baltimore City, Baltimore County, and other surrounding jurisdictions (including Anne Arundel, Carroll, Harford, and Howard counties).

State/Local Fiscal Effect: General fund expenditures increase by \$500,000 in fiscal 2026 only, reflecting the mandated appropriation for the purpose of hiring independent consultants pursuant to the bill. Baltimore City and Baltimore County revenues (collectively) increase correspondingly in fiscal 2026, reflecting receipt of the mandated appropriation. Baltimore City and Baltimore County expenditures increase correspondingly to hire the independent consultants to facilitate the workgroup’s tasks, as required by the bill. While these consultant costs may be incurred completely in fiscal 2026, it is possible that some portion of the costs are incurred in fiscal 2027.

Baltimore City and Baltimore County both advise that they can staff the task force using existing resources. OAG and MDE can consult with the workgroup using existing budgeted resources.

Any expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing resources.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 843 and SB 880 of 2023, which were enacted as Chapters 178 and 179.

Designated Cross File: HB 1509 (Delegate Stein, *et al.*) - Environment and Transportation.

Information Source(s): Baltimore City; Baltimore County; Office of the Attorney General; Maryland Department of the Environment; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - March 28, 2024
rh/lgc Third Reader - April 8, 2024
Revised - Amendment(s) - April 8, 2024

Analysis by: Kathleen P. Kennedy

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