

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 966 (Howard County Senators)
 Education, Energy, and the Environment and
 Budget and Taxation

Howard County - Ambient Air Quality Control - Permit Applications, Permit Holders, and Property Tax Credit
Ho. Co. 6-25

This bill establishes new requirements for informational meetings and public meetings that apply to applications for specified air quality control permits for activities in Howard County. The bill also establishes a reporting requirement for (1) specified permit holders in Howard County and (2) specified Howard County elected officials. Finally, the bill authorizes Howard County to grant a property tax credit for owner-occupied residential real property located within one-half mile of a site that requires an air quality control permit or registration. **The authorization to establish a property tax credit and the reporting requirement for specified Howard County elected officials take effect June 1, 2025.**

Fiscal Summary

State Effect: General fund expenditures for the Maryland Department of the Environment (MDE) increase by \$77,700 in FY 2026 for staff; out-years reflect annualization, inflation, ongoing costs, and a reduction in necessary staff beginning in FY 2028. State revenues are not materially affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	77,700	91,800	55,500	58,100	60,500
Net Effect	(\$77,700)	(\$91,800)	(\$55,500)	(\$58,100)	(\$60,500)

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

Local Effect: Howard County expenditures likely increase beginning in FY 2026. Howard County property tax revenues may decrease beginning in FY 2026. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Minimal. For a discussion of the potential impacts on small businesses as permit applicants/holders, see the Additional Comments section below.

Analysis

Bill Summary:

Informational Meetings: MDE must provide for an informational meeting with respect to an application for an air quality control permit for an activity located in Howard County. The informational meeting may be canceled at the request of the members of the Howard County Delegation to the General Assembly.

Public Meetings: If MDE or an applicant requests, pursuant to current law, that Howard County provide documentation or verification that a proposal or source satisfies all zoning and land use requirements, before providing the documentation or verification, the county must publicize and hold a public meeting where interested parties and citizens have the opportunity to provide testimony.

Annual Emissions Reports: An air quality control permit holder for a permitted activity located in Howard County that is conducted within one mile of property zoned for residential use that the permit holder previously owned must provide annual emissions reports to any community associations that represent the property owners.

Report by Specified Elected Officials: By January 1, 2026, the Howard County Executive and Howard County Council must report to the members of the Howard County Delegation to the General Assembly on (1) the county's authority to adopt ambient air quality standards that are more restrictive than the standards set under State law or by MDE and (2) a plan on how the county could implement more restrictive standards.

Current Law:

Air Quality Control Permits

Title 2, Subtitle 4 of the Environment Article authorizes MDE to adopt regulations that require a person to obtain a permit or registration before the construction, modification, operation, or use of a source that may cause or control emissions into the air. COMAR 26.11.02.01 establishes these requirements.

Section 2-404 of the Environment Article establishes documentation, public notice, and hearing requirements for air quality control permits for the construction of a new source and the modification or reconstruction of an existing source, as specified. For any affected

source under § 2-404(a) (a new, modified, or reconstructed source) that (1) is required to obtain a permit to operate under COMAR 26.11.02.13; (2) is subject to federal standards under 40 C.F.R. Part 61 (National Emission Standards for Hazardous Air Pollutants) or 40 C.F.R. 52.21 (Prevention of Significant Deterioration); or (3) will, after control, annually discharge at least 25 tons of a regulated pollutant in specified zip codes within Baltimore City, MDE must:

- (other than for a permit to construct an existing source that is not a nonconforming use) require that the applicant submit documentation demonstrating that the proposal has been approved by the local jurisdiction for all zoning and land use requirements or that the source meets all applicable zoning and land use requirements;
- upon receipt of an application, immediately give notice or require the applicant to give notice to (1) the governing body of each county or municipality in which any portion of the source is located or proposed to be located or that is within one mile of the property line of the source or the proposed location of the source and (2) each member of the General Assembly that represents any part of a county in which any portion of the source is located or proposed to be located and that represents any part of a county that is within one mile of the property line of the source or the proposed location of the source; and
- comply with the general public notice and participation requirements of Title 1, Subtitle 6 of the Environment Article and conduct any public hearing required by that subtitle.

Specific to the construction, modification, or reconstruction of a source that requires an air quality control permit to construct for a source that is subject to federal standards under 40 C.F.R. Part 60 (New Source Performance Standards), MDE must either comply with the requirements listed above or (1) electronically post a notice of an application for the permit on MDE's website, as specified; (2) give notice to the chief executive of any county or municipality in which any portion of the source is located or is proposed to be located; and (3) receive comments from the public on the permit application.

Current regulations require a person who owns or operates any installation, source, or premises located in one of several specified counties, including Howard County, and has total actual emissions of specified pollutants from all installations and sources on a premises of 25 tons or more during a calendar year, to submit to MDE an annual emissions statement that includes specified information.

County Authority to Establish Property Tax Credits and Exemptions

The [*Guide to Local Government Taxing Authority*](#) provides an overview on each county government's statutory authority to establish property tax credits and exemptions.

State Expenditures: General fund expenditures increase by \$77,712 in fiscal 2026, which accounts for the October 1, 2025 effective date of the bill’s provisions related to air quality control permits in Howard County. This estimate reflects the cost of hiring one administrator within MDE to (1) coordinate the issuance of air quality control permits in Howard County; (2) enforce compliance with the bill’s provision requiring annual emissions reports; and (3) provide assistance as necessary to Howard County in order for the county to identify and verify permit information associated with the authorized property tax credit. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- implementing the bill requires extensive coordination with Howard County and the Howard County Delegation and requires MDE to establish a new permitting process specific to Howard County; and
- the Air Quality Permitting Program within MDE currently has one staff person dedicated to the coordination of public review efforts and does not have the capacity to absorb the additional workload generated by the bill.

Position	1.0
Salary and Fringe Benefits	\$70,343
Operating Expenses	<u>7,369</u>
Total FY 2026 State Expenditures	\$77,712

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate assumes that once a new permitting process has been developed for Howard County, and initial information regarding affected permit holders and properties has been collected, the administrator transitions from full-time status to part-time (50%) status beginning in fiscal 2028.

Local Revenues: Howard County property tax revenues decrease beginning in fiscal 2026 to the extent the tax credit is granted. The amount of the decrease cannot be reliably estimated at this time as it depends on the number of owner-occupied residential properties that meet the qualifications established by the county, the value of affected property, and the amount of the property tax credit provided.

Local Expenditures: Howard County advises that county expenditures likely increase to submit the required report to the Howard County Delegation on (1) its authority to adopt ambient air quality standards that are more restrictive than the standards set under State law or by MDE and (2) a plan on how the county could implement such standards. A reliable estimate of any increase in costs cannot be made at this time.

Howard County anticipates that it can implement the bill's requirement to hold public meetings, when applicable, using existing budgeted resources.

For a discussion of the potential impacts on Howard County as a permit applicant/holder, see the Additional Comments section below.

Additional Comments (Effect on Permit Applicants and Permittees): The bill establishes new permit application and reporting requirements for certain permit applicants and permittees in Howard County. Affected entities, which could include Howard County itself, may need to participate in any additional informational meetings and public meetings that occur and submit annual emissions reports to community associations. The Department of Legislative Services notes that although the precise number of permittees subject to the annual emissions reporting requirement is unknown, the requirement is only expected to apply to a limited number of entities. The bill could also result in delays in the permitting process for affected applicants. Overall, however, the impacts on permit applicants and permittees are anticipated to be primarily operational.

Additional Information

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

Designated Cross File: None.

Information Source(s): Howard County; Maryland Department of the Environment; Maryland Department of Planning; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2025
km/lgc

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