

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 227 (Chair, Appropriations Committee)(By Request -
Departmental - Maryland Environmental Service)
Appropriations and Environment and
Transportation

**Maryland Environmental Service - Authorizations and Requirements -
Alterations**

This departmental bill (1) expands the duties that the Treasurer of the Maryland Environmental Service (MES) is authorized to delegate (with the approval of the Board of Directors of MES) to the deputy treasurer; (2) increases the maximum dollar value threshold for small procurements by MES from \$25,000 to \$50,000; and (3) updates the public notice requirements for rate changes in service districts.

Fiscal Summary

State Effect: No material effect on MES finances, but MES may experience administrative efficiencies to the extent that it is able to procure more goods and services using small procurement methods.

Local Effect: None.

Small Business Effect: MES has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law:

Duties of the Deputy Treasurer of the Maryland Environmental Service

Under current law and the bill, with board approval, the Treasurer is authorized to appoint an MES employee to serve as the deputy treasurer. *Under current law*, the Treasurer is authorized to allow the deputy treasurer only to disburse money for the purposes of MES as provided by law. *Under the bill*, with board approval and as authorized by the Treasurer, the deputy treasurer is eligible to perform any of the following duties (which are duties of the Treasurer mandated in current law):

- develop and maintain a detailed and accurate accounting system for all of MES's financial transactions;
- perform other duties related to MES's financial affairs, as specified;
- except in specified circumstances, to receive MES's money until otherwise prescribed by law and deposit the money to the credit of MES upon receipt;
- disburse money for the purposes of MES in accordance with law; and
- make arrangements for the payment of interest on and principal of MES debt.

Threshold Dollar Amount for Small Procurements

Under current law, which is unchanged by the bill, in general, State procurement law defines a small procurement to be a procurement for which an agency spends \$100,000 or less, or for which a contractor provides specified services with expected annual revenues of \$100,000 or less. These limits were raised from \$50,000 by Chapter 161 of 2023. Procurement law specifies additional thresholds for specialized procurements, including (1) \$200,000 for construction contracts by Department of General Services or the Maryland Department of Transportation and (2) \$200,000 for capital or maintenance projects by the Department of Natural Resources.

MES has a service-specific small procurement threshold amount that was not changed by Chapter 161. *Under current law*, MES may procure materials, equipment, services, or supplies through a small procurement process if the procurement is estimated to be \$25,000 or less. *Under the bill*, this threshold is increased to \$50,000.

Required Public Notice for Service District Rate Changes

Under current law, MES must publish notice before establishing or adjusting charges in a service district. At least once a week for two weeks, the notice must be published in at least

one newspaper of general circulation in the municipality in which the service district is located, and MES must hold a public hearing on the proposed changes. *Current law* also specifies the format and location where the notice must appear in the newspaper. *Under the bill*, the newspaper notice must be placed with legal notices, have the headline bolded with capital letters, and have the remainder of the notice be typed in upper and lowercase letters.

The bill further specifies that the notice must be published at least 60 days before the change goes into effect. In addition to publishing notice in a newspaper, *the bill* requires MES to use one or more of the following methods to notify residents:

- posting proposed charges on MES's website for at least two consecutive weeks;
- if the service district is already established and the established charges are changing, sending an e-mail or text notification of the proposed charges at least once a week for two consecutive weeks to all affected ratepayers who have provided contact information; or
- mailing notice of the proposed charges through the U.S. Postal Service to each affected property owner and physical address.

Background: MES notes that the bill's changes regarding authorized duties of the deputy treasurer align statute with current practice regarding duties that the deputy treasurer is performing with board approval.

The changes to the threshold dollar amount for small procurements bring MES closer to the standard small procurement threshold amount for other State agencies. MES notes that the change will allow the service to obtain goods and services more quickly and efficiently. According to MES, in fiscal 2025, 85 out of 327 (26%) of its contracts and purchase orders fell in the \$25,000 to \$50,000 range. Thus, increasing the threshold dollar amount for small procurement contracts will likely result in meaningful efficiencies for MES.

MES has the authority to establish service regions for water, wastewater, and solid waste and establishes charges for these services to recover costs. According to MES, current law standards for public notice of rate changes were established in 1993 and do not align with modern forms of communication. With the bill's changes, MES intends to both modernize and align the notice provisions with standards followed by other State agencies.

Additional Information

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

Designated Cross File: SB 228 (Chair, Education, Energy, and the Environment Committee)(By Request - Departmental - Maryland Environmental Service) - Education, Energy, and the Environment.

Information Source(s): Maryland Environmental Service; University System of Maryland; Maryland Department of the Environment; Maryland Department of Transportation; Department of Veterans and Military Families; Maryland Energy Administration; Prince George's County; Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2026

sj/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Environmental Service - Authorizations and Requirements
– Alterations

BILL NUMBER: HB 227

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

☒ 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