



Wes Moore GOVERNOR

Aruna Miller LT. GOVERNOR

Charles Glass, Ph.D., P.E. EXECUTIVE DIRECTOR

January 23, 2024

The Honorable Ben Barnes, Chair
Appropriations Committee
Room 121, House Office Building
Annapolis, Maryland 21401

The Honorable Marc Korman, Chair
Environment & Transportation Committee
Room 251, House Office Building
Annapolis, Maryland 21401

Re: House Bill 78 - Maryland Environmental Service – Governance and Requirements

Dear Chairs Barnes and Korman,

The Maryland Environmental Service (MES) supports House Bill 78, MES's departmental bill for the 2024 legislative session. MES urges the Committees grant this bill a favorable report.

This bill will strengthen MES's organizational structure and governance statute by allowing for more flexibility and efficiencies without sacrificing any of the important changes made in the MES Reform Act of 2021, all of which have been fully implemented.

While there are several different provisions in this bill, they can be summed up by grouping the changes into three different categories:

Board of Directors: Quorum requirements and Delegation of Authority.

1. For the MES Board of Directors to achieve a quorum, current law requires a super majority (5 of 7 votes). The bill proposes to reduce this to a simple majority (4 of 7 members being present).
2. Delegation of Authority – Board Secretary. MES's governance structure includes a Board Chair, a Board Secretary and a Board Treasurer. The Board Treasurer is authorized to delegate certain duties and responsibilities to a Deputy Treasurer. The bill proposes to authorize the Board Secretary the same type of delegation of authority.

Reporting Requirements.

1. Annual Report and Annual Financial Audit. There is a discrepancy in MES's statute that has caused some confusion when obtaining the annual independent financial audit. In NR § 3-126(d), the requirement is listed as "as soon as practical after the close of the fiscal year"; but in NR § 3-103(h) MES must, "within the first 90 days of each fiscal year...make a report...of its activities for the preceding fiscal year. Each such report shall set forth the complete operating and financial statement covering the Service's activities during such year...". We propose to marry these two similar requirements and require them both to be submitted to the Governor and General Assembly no later than October 31.
2. Misallocated Expenses Audit. As part of the MES Reform Act, a requirement was placed on MES to obtain a separate financial audit for "unauthorized spending, misallocated expenses, lack of conformity with State law or Board policies, and other accounting errors". MES completed this audit in May 2022. During the ensuing 2023 session, the Department of Legislative Services advised MES that they interpreted this provision as being a one-time audit requirement. Consequently, MES proposes removing this from statute as it is no longer needed.

Contract Issues:

1. Definition of Municipality. This provision would expand the definition of "municipality" in MES's governing statute to also include the District of Columbia and federal entities.
2. Proposal vs. Contract. This provision would grant flexibility to MES when a request for services is received by allowing MES to instead provide a proposal for services requested. This can provide the requesting entity with a looser understanding of costs for services without having to provide precise contractual terms.

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