



The Maryland Department of the Environment
Secretary Serena McIlwain

Senate Bill 461

Environment - Maryland Water Quality Revolving Loan Fund - Renaming and Alterations

Position: Informational
Committee: Education, Energy, and the Environment
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The Maryland Department of the Environment (MDE) offers the following **INFORMATIONAL** testimony for SB 461.

Bill Summary

Senate Bill 461 amends the Maryland Water Quality Revolving Loan Fund statute to expand its scope and update its framework. The bill renames the Fund as the Water Quality Improvement Revolving Loan Fund and adjusts its purpose to focus on preserving, maintaining, and improving Maryland's water resources. It broadens the eligible uses of the Fund to include projects addressing decentralized wastewater systems, stormwater management infrastructure, floodwaters, floodplains, streams, tributaries, wetlands, and technical assistance for such initiatives. The bill mandates the inclusion of technical assistance for overburdened communities and emphasizes green and blue infrastructure in the annual Intended Use Plan. It also requires the scoring system for project applications to prioritize underserved communities and consider previously denied applications for projects that align with state climate change, flood mitigation, and water quality goals, as well as those addressing environmental harm and insufficient infrastructure.

Key Points

The Water Quality Revolving Loan Fund is a federally-funded program, and many aspects of the program are dictated by federal law, regulations, grant terms and conditions, and policies. After consulting with EPA staff, the bill appears to be in conflict with some of the federal requirements in material respects.

The Clean Water Act defines eligible projects for Fund financing and some of the newly added uses included in SB 461 are focused on water quantity rather than quality or treatment facility resiliency, and may not qualify under federal grant terms. Additionally, the Fund is limited to capital projects and cannot support operations, maintenance, or technical assistance.

Further, SB 461 amends § 9-1605(d) of the Environment Article to revise the preparation and scoring of the Intended Use Plan, which is required by federal law. The EPA reviews the plan before finalization to ensure it meets legal requirements and aligns with EPA policies. The EPA also reviews changes to Maryland's scoring system and affordability criteria before implementation.

Finally, This bill would make technical assistance available to all borrowers or overburdened communities, but federal grant terms prohibit this. The grant limits technical assistance to eligible borrowers (e.g., rural, small, and tribal treatment works) and restricts it to the limited set-aside funding.

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To the extent that the bill conflicts with federal requirements, MDE will be, at a minimum, prohibited from effectuating those conflicting provisions of the bill.

MDE hopes this **INFORMATIONAL** testimony regarding SB 461 is helpful. Please do not hesitate to reach out if you have any questions.