



House Bill 131 – Environment – Bay Restoration Fund – Septic System Upgrade Program

Position: Favorable with Amendments

The Maryland REALTORS® support HB 131 with changes to reflect the limited funding for septic upgrades.

HB 131 makes changes to the septic grant program which helps homeowners pay for enhanced nitrogen removal systems. Initially, the program was intended to fund septic upgrades to properties in Maryland’s Critical Areas. The program is funded by the Bay Restoration Fee. Of the money paid into the account by septic system owners, 60% of the fund is used for septic upgrades and 40% of the fund is used for cover crops. Additionally, a portion of the 60% for septic systems could also be used to connect certain failing systems with a community sewerage system.

HB 131 makes two significant changes to the program. First, it authorizes the Maryland Department of Environment (MDE) to establish performance-based funding levels for septic system grants. Second, it expands the program to failing systems within the watershed of any nitrogen-impaired body of water.

REALTORS® often work with homeowners and buyers who access grant funding when trying to sell or purchase a home which is discovered to have a failing system. Because the law requires properties in the Critical Areas to upgrade their septic systems to best available technology (BAT), the septic grant program helps ensure many properties within the critical area remain affordable. Too often, the grant money allocated per county runs out leaving homeowners and buyers – as well as other property owners – in a difficult situation waiting for a new fiscal year.

Given the past funding problems, the REALTORS® are concerned over the availability of funds for new uses under the program. The REALTORS® recommend the Committee consider examining the use of funding that now goes to the wastewater treatment upgrade program for expanded septic uses and consider whether any failing system in a “nitrogen impaired body of water” should be narrowed. In the latest report of the BRF fund, it was noted that as of 2023 over \$1.6 billion has been deposited in the Wastewater Treatment Plant fund compared to \$240 million in the Septic fund.

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