

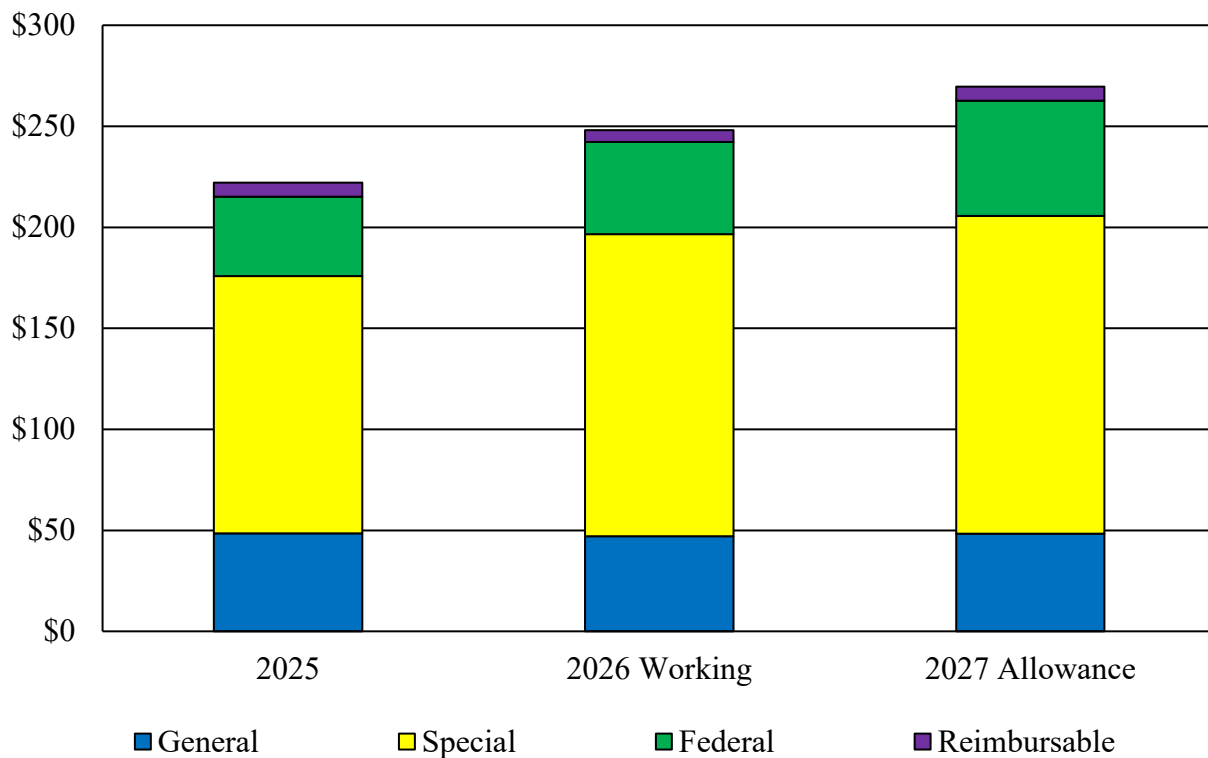
U00A
Department of the Environment

Executive Summary

The Maryland Department of the Environment (MDE) was created to protect and restore the quality of the State’s land, air, and water resources and safeguard citizens from health risks associated with pollution. It is responsible for planning, monitoring, controlling, and regulating air, solid, and hazardous wastes; radiation, sewage sludge, sediment, and stormwater; toxicities, sewage treatment, and water supply facilities; and environmental disease control programs.

Operating Budget Summary

**Fiscal 2027 Budget Increases \$21.6 Million, or 8.7%, to \$269.7 Million
(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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- The significant funding changes in the fiscal 2027 allowance are the \$11.1 million special fund increases for wastewater treatment plant (WWTP) operations and maintenance grants that are double-budgeted and the \$7.0 million federal fund increase for Climate Pollution Reduction Grant funding supporting the Atlantic Conservation Coalition’s carbon dioxide sequestration work.
- The fiscal 2027 budget includes a \$178,267 general fund reduction and \$183,237 special fund appropriation in Emergency and Support Services, contingent on the enactment of the Budget Reconciliation and Financing Act (BRFA) of 2026 provision expanding the use of the Regional Greenhouse Gas Initiative (RGGI) auction revenues deposited into the Strategic Energy Investment Fund (SEIF). The funding swap changes the fund source supporting an MDE employee in the Senior Climate Advisor position. The budget also includes a \$250,000 general fund reduction and \$250,000 special fund appropriation in the Water and Science Administration, contingent on the enactment of SB 108/HB 25 that would expand the civil and administrative penalty authority of MDE.
- In addition, the fiscal 2027 budget includes a \$4.2 million federal fund appropriation for Climate Pollution Reduction Grant funding in a fiscal 2026 deficiency appropriation in the Air and Radiation Administration.

Key Observations

- ***Managing for Results (MFR):*** The MDE MFR measures show that (1) the ozone eight-hour standard was not met in calendar 2024 but improves over calendar 2023, meaning that all but one of the National Ambient Air Quality Standards (NAAQS) are met by Maryland; (2) using data from an alternative source, child blood lead levels increased in calendar 2023, which appears to reflect a leveling off of a positive trend toward lower child blood lead levels, but data for calendar 2024 has not been reported by MDE; and (3) no new data was available on the Public Information Act (PIA) responses issued within 30 days, and revised data on permit processing responses decreased the measure substantially between fiscal 2021 and the fiscal 2026 estimate.
- ***Greenhouse Gas Reduction Spending Analysis Submitted; Outcomes Needed:*** In December 2025, MDE released the *State of Maryland Greenhouse Gas Reduction Spending Analysis 2025 Annual Report*. The report notes total State spending of \$3.6 billion in fiscal 2025 by agencies and higher education institutions. The majority of this spending, 88%, is from the Maryland Department of Transportation (MDOT). The percentage of agency spending that benefited disproportionately affected communities ranged from 0% to an estimated 67% and overall averaged 47%. The data does not include any metrics related to spending outcomes.

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- ***Study to Assess Greenhouse Gas Emissions Total Cost Returns:*** The General Assembly voted to override Governor Wes Moore’s vetoes of SB 149/HB 128 of 2025 (Climate Change Adaptation and Mitigation – Total Assessed Cost of Greenhouse Gas Emissions – Study and Reports). The bills therefore became law as Chapters 2 and 12 of the 2025 special session. Chapters 2 and 12 require the Comptroller, in coordination with the Department of Commerce (Commerce) and MDE, to conduct a study to assess the total cost of greenhouse gas emissions in the State by December 1, 2026. The fiscal note for Chapters 2 and 12 indicated a cost of \$500,000 for the Comptroller to complete the study, budgeted as SEIF special funds, as well as \$100,000 in general fund spending. It is not clear whether the \$100,000 in general funds is budgeted.
- ***Federal Climate Pollution Reduction Grants Funding Spread Across Agencies With Coordination Unclear:*** U.S. Environmental Protection Agency (EPA) Climate Pollution Reduction Grants funding indicates a substantial increase in climate change funding for MDE, the Department of Natural Resources (DNR), and the Maryland Department of Agriculture (MDA), but the funding is not budgeted in a transparent manner. MDE’s contract information reflects that the Atlantic Conservation Coalition, led by North Carolina, allocates \$50 million for Maryland State agencies – including \$42.4 million for DNR and \$4.8 million for MDA – to support natural carbon sequestration projects like afforestation, agroforestry, and coastal restoration. The funding in agency budgets does not match this information and instead is shown as follows: MDE fiscal 2026 deficiency (\$4,200,000) and fiscal 2027 allowance (\$11,512,324); DNR fiscal 2026 working appropriation (\$4,350,370) and fiscal 2027 allowance (\$5,232,342); and no funding for MDA in either fiscal 2026 or fiscal 2027. In addition, on February 22, 2026, the Donald J. Trump Administration announced the elimination of the endangerment finding underpinning greenhouse gas regulation under the Clean Air Act, which would seem to put the Climate Pollution Reduction Grants funding in jeopardy.
- ***Building Energy Performance Standards Additional Positions Not Funded:*** The fiscal note for Chapter 844 of 2025 (Environment – Building Energy Performance Standards – Alterations and Analysis) noted the need for 5.0 positions to implement the provisions of Chapter 844 and an additional 5.0 positions – 4.0 regulatory and compliance engineers and 1.0 assistant Attorney General – in fiscal 2026 to administer the building energy performance standards program and to establish and maintain an online reporting system for covered buildings as required by current law. MDE’s fiscal 2026 allowance included 3.0 additional positions in the Climate Change Program, but no new positions are included in the fiscal 2027 allowance. The data necessary to complete a reporting requirement on energy use intensity costs and alternatives reporting for building energy performance standards will be received by the end of fiscal 2026.
- ***MDE Fee Increase Revenue Masked by Inflated Special Fund Revenue Estimates:*** The fund balance information provided with the fiscal 2027 budget includes inflated revenue amounts for the main special funds that receive new fee revenue, which complicates an

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understanding of how the fee revenues from Chapter 604 of 2025, Chapter 432 of 2025, and Chapter 844 of 2025 are being realized in MDE’s fiscal 2027 budget.

Operating Budget Recommended Actions

	Amount
1. Delete double-budgeted wastewater treatment plant operation and maintenance grants.	-\$11,100,000
2. Adopt narrative on energy use intensity costs and alternatives for building energy performance standards.	
Total Net Change to FY 2027 Allowance	-\$11,100,000

Updates

- ***Sediment and Erosion Control Standardization Report Notes Delegation of Authority for Grading Means MDE Has No Data to Report:*** The budget committees requested that MDE submit a report detailing all denials of requests for simultaneous grading on noncontiguous grading units. MDE’s submitted report notes that it cannot conduct the required analysis because (1) the 20-acre criterion for the grading unit has been removed from Maryland’s Erosion and Sediment Control regulations and handbook; (2) decisions regarding grading unit size and phasing are made at the local level; and (3) MDE does not receive data or documentation related to grading unit denials.
- ***Maryland Used Tire Cleanup and Recycling Fund Annual Report Submitted:*** The budget committees requested that MDE submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2025. The report notes that Chapter 604 (the Budget Reconciliation and Financing Act (BRFA) of 2025) required MDE to set the existing tire recycling fee imposed on the first sale of a new tire in the State by a tire dealer at \$1.00 per tire, beginning January 1, 2026. In fiscal 2025, the gross tire revenues deposited into the fund increased 10.8%, from \$2.9 million to \$3.3 million, and three successful illegal scrap tire stockpile cleanups were completed, consisting of approximately 419 scrap tires. The cleanups were conducted by the responsible parties without using the fund. For fiscal 2026, MDE anticipates continuing or completing the cleanup on 52 illegal scrap tire stockpile sites, mostly funded by responsible parties.
- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling:*** The budget committees have requested reports on enforcement and inspection position strength assessment and vacant position filling since the 2016 *Joint Chairmen’s Report* (JCR). The submitted report notes that MDE’s administrations currently are staffed with enforcement positions as follows: Air and Radiation – 31 filled permanent positions

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and contractual full-time equivalents (FTE) with 7 vacancies; Land and Materials – 66 filled with 24 vacancies; and Water and Science – 77 filled with 19 vacancies.

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Operating Budget Analysis

Program Description

MDE was created to protect and restore the quality of the State's land, air, and water resources and safeguard citizens from health risks associated with pollution. It is responsible for planning, monitoring, controlling, and regulating air, solid, and hazardous wastes; radiation, sewage sludge, sediment, and stormwater; toxicities, sewage treatment, and water supply facilities; and environmental disease control programs. The department is structured into six major administrative units.

- ***Office of the Secretary:*** This office provides direction and establishes State environmental policies to be implemented by the operating units.
- ***Business Administration (formerly Operational Services Administration):*** This administration provides general administrative and fiscal services to the department.
- ***Water and Science Administration:*** This administration administers the State's water pollution control and drinking water protection activities, implements Total Maximum Daily Loads (TMDL) for pollutants in impaired waterways, regulates industrial/municipal wastewater and stormwater discharge, develops and promulgates water quality standards, provides technical support and analysis for TMDLs, monitors shellfish, develops environmental and public health risk assessments, implements nonpoint source pollution programs, and develops and issues fish advisories. In addition, this administration manages the Water Quality and Drinking Water revolving loan funds and other water pollution control program capital projects that are budgeted in the Office of the Secretary.
- ***Land and Materials Administration:*** This administration ensures that all types of hazardous and nonhazardous solid wastes are managed in a manner that protects public health and the environment. It regulates solid waste management facilities, scrap tire recycling facilities, above- and below-ground petroleum storage facilities, petroleum distribution, hazardous waste transportation, mining, and both concentrated animal feeding operations and Maryland animal feeding operations. In addition, this administration coordinates lead poisoning prevention efforts.
- ***Air and Radiation Administration:*** This administration ensures that air quality and radiation levels in Maryland sustain public health, safety, and the environment. It operates an air-monitoring network, licenses asbestos removal contractors, provides oversight of the Vehicle Emissions Inspection Program, and monitors radiation use. Climate change initiatives are a relatively new component of its operations.

- ***Emergency and Support Services (formerly Coordinating Offices):*** This office manages and coordinates public information and outreach; provides hazardous chemical and oil spill emergency response services; and provides legal advice.

MDE’s mission is to protect and restore the environment for the health and wellbeing of all Marylanders. MDE’s vision is for healthy, vibrant, and sustainable communities and ecosystems in Maryland. MDE’s four goals are consistent with efforts to protect and preserve Maryland’s natural resources. The goals are as follows.

- ***Goal 1 – Equity:*** increase investments and reduce pollution below federal standards in overburdened communities, aiming to positively influence health indicators.
- ***Goal 2 – Climate Change:*** protect all Marylanders from the extremes of climate change by leading the nation with ambitious policies and investments.
- ***Goal 3 – Organizational Excellence:*** reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state.
- ***Goal 4 – Chesapeake Bay:*** accelerate the restoration of the Chesapeake Bay, Atlantic Coastal Bays, and local watersheds to ensure that all Marylanders have clean water.

Performance Analysis: Managing for Results

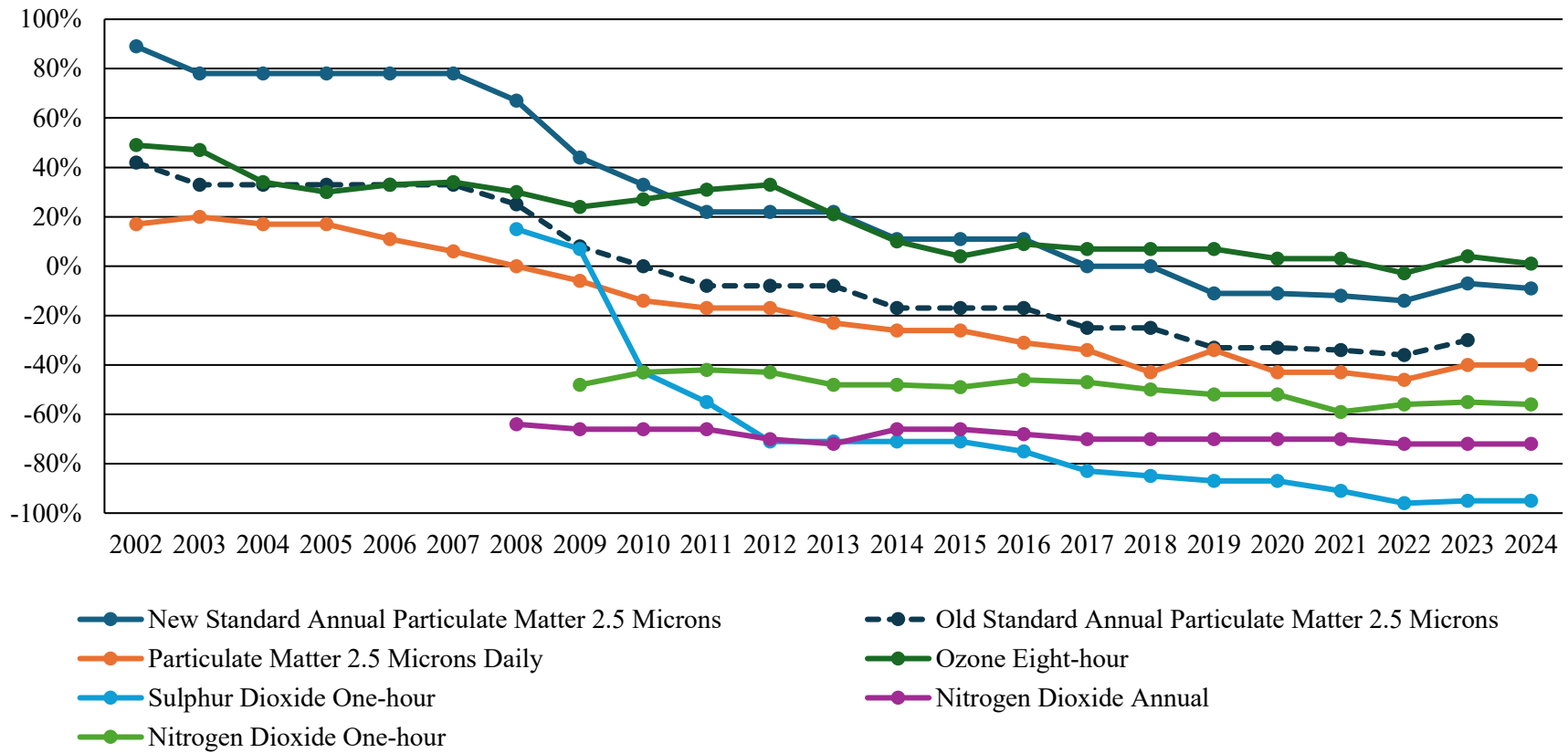
1. Ozone Eight-hour Standard Barely Not Met in Calendar 2024 But Improves over Calendar 2023

MDE’s second goal is climate change: protect all Marylanders from the extremes of climate change by leading the nation with ambitious policies and investments. MDE’s 2025 Clean Air Progress Report reflects the progress that Maryland has made in managing six air pollutant and time period combinations relative to NAAQS for each pollutant. As shown in **Exhibit 1**, the lines reflect how far above (not meeting the relevant NAAQS) and below (meeting the relevant NAAQS) the x-axis each of the six pollutants is in percentages. In calendar 2022, Maryland met all NAAQS standards, including the ozone eight-hour standard, which was the last standard to be met. However, Maryland did not meet the ozone eight-hour standard in calendar 2023 due to the wildfires in Canada; no standard was improved upon, and several other standards were also worse in calendar 2023. The calendar 2024 data reflects that Maryland barely missed meeting the eight-hour standard in calendar 2024, but that the other standards are either improved or show no change from the prior year. Of note, the EPA’s standard for Annual Particulate Matter 2.5 Microns was tightened recently. The new rule, which became effective on May 6, 2024, revised the primary annual PM2.5 standard by lowering the level from 12.0 micrograms of lead per deciliter of blood ($\mu\text{g}/\text{m}^3$) to 9.0 $\mu\text{g}/\text{m}^3$. This is reflected as the substantial reduction in Annual Particulate Matter 2.5 Microns performance between the 2024 Clean Air Progress Report (Old Standard dashed line)

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and the 2025 Clean Air Progress Report (New Standard solid line). MDE notes that the standard is measured in micrograms per cubic meter and that when the standard was tightened, all of the prior readings looked worse when measured in percentage above/below, even though they are the same in absolute terms. Substantial improvements are reflected over the period shown for ozone eight-hour, daily particulate matter 2.5 microns, annual particulate matter 2.5 microns, and sulfur dioxide one-hour standards. While meeting their respective NAAQS, there has been less progress on nitrogen dioxide one-hour and nitrogen dioxide annual. EPA published a rule in the April 4, 2025 *Federal Register* – effective May 5, 2025 – finalizing actions to recognize the Washington, DC area as being in attainment with the 2015 ozone eight-hour standard; therefore, the Washington, DC area is no longer required to submit attainment planning requirements as long as the standard is met. Subsequently, on January 23, 2026, EPA published a rule proposing to determine that the Baltimore nonattainment area has met the clean data determination on the way toward being fully recognized as being in attainment with the calendar 2015 ozone eight-hour standard.

Exhibit 1
Maryland Air Pollutant Trends Relative to Air Quality Standards
Calendar 2002-2024



Source: Maryland Department of the Environment

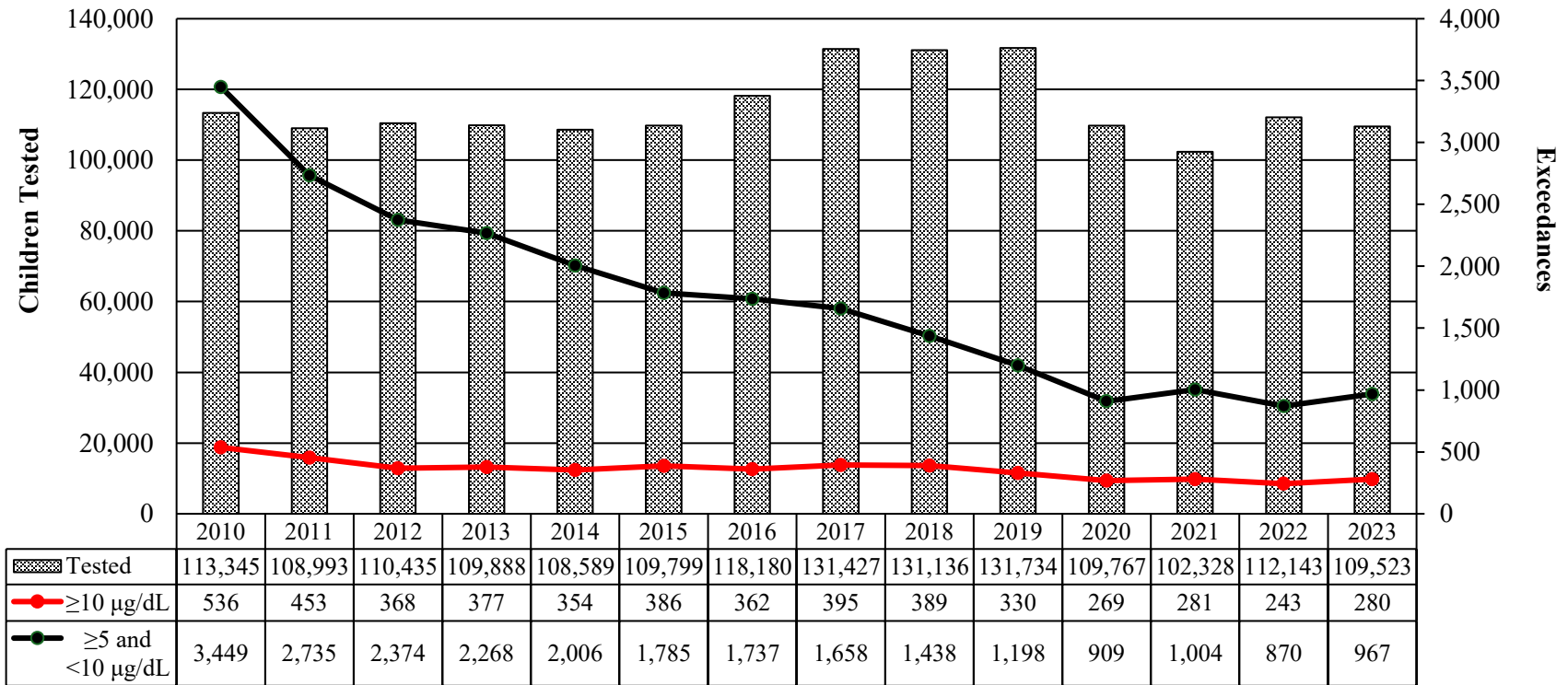
2. Child Blood Lead Testing Increased and Exposure Levels Decreased in Calendar 2022; MDE Data Not Forthcoming

MDE’s third goal is organizational excellence: reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state. In the past, MDE had the objective to reduce the number of child blood lead levels over 10 micrograms per deciliter found and the number of blood lead levels between 5 and 10 micrograms per deciliter by 10% annually.

MDE continues to have difficulty with publishing and posting its *Childhood Blood Lead Surveillance in Maryland* annual reports. The 2022 annual report, which typically would have been released in fall 2023, reflecting calendar 2022 data, was not posted on MDE’s website until February 2025. The extended delay was because MDE found errors in the work of the contractor putting together the 2021 and 2022 annual reports, which led MDE to validate all data in-house, thus delaying the release of the reports. MDE noted that it has developed a system to ensure the accuracy and timeliness of the annual reports in the future, but this system does not appear to have worked, given that the 2022 annual report with calendar 2022 data was not posted until February 2025 and the 2023 annual report with calendar 2023 data, which normally would have been available in fall 2024, also was not posted until February 2025. In addition, the 2024 annual report with calendar 2024 data has yet to be posted.

Exhibit 2 shows the most recent data available – calendar 2023 – from the Maryland Department of Health’s Environmental Public Health Tracking system. The exhibit shows a decrease in the number of children between the age of 0 and 72 months tested for elevated blood lead levels, from 112,143 in calendar 2022 to 109,523 in calendar 2023, which shows that testing levels are not back to the 132,224 children tested in calendar 2019. The calendar 2023 data also shows a slight uptick in the child blood levels: an increase from 243 to 280 for the child blood lead levels over 10 micrograms per deciliter and an increase from 870 to 967 for the child blood lead levels between 5 and 10 micrograms per deciliter. Overall, there appears to be a leveling off of the previous trend towards child blood level improvements. **MDE should comment on why it has not posted the *Childhood Blood Lead Surveillance in Maryland 2024* annual report, which would typically have been available in fall 2025 and why the child blood level improvement trends appear to have leveled off.**

Exhibit 2
Children Under Six Tested for Elevated Blood Lead and Reported Exceedances
Calendar 2010-2023



$\mu\text{g}/\text{dL}$: micrograms of lead per deciliter of blood

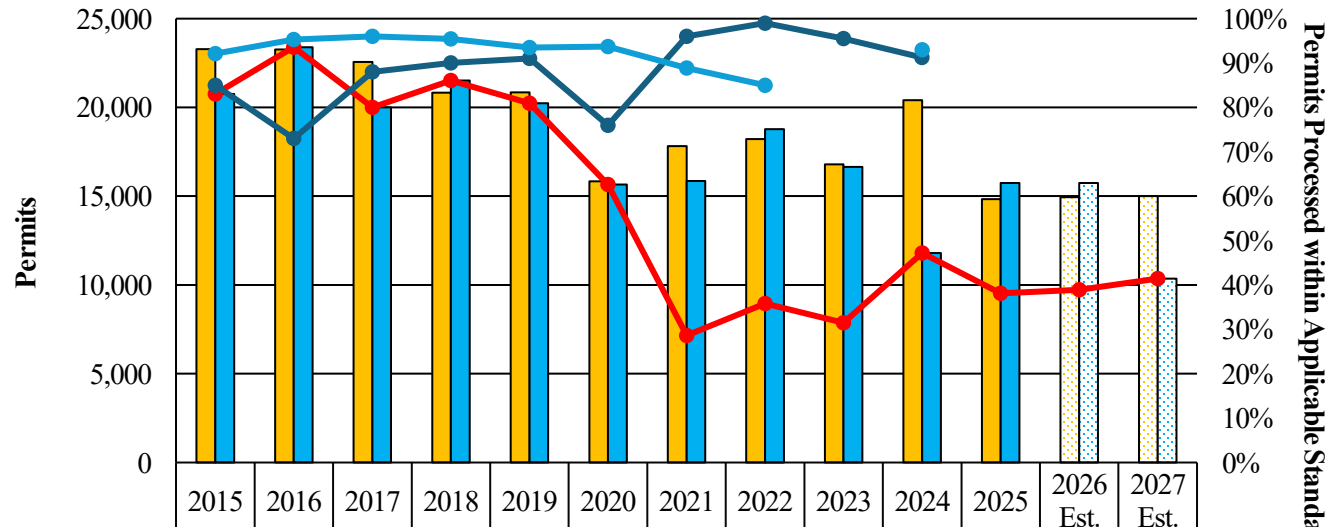
Source: Maryland Department of Health, Environmental Public Health Tracking

3. Revised Data Substantially Decreases Permits Issued; No New Data on PIA Responses Issued Within 30 Days

As noted previously, MDE’s third goal is organizational excellence: reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state. Previously, MDE’s first goal was to provide excellent customer service and community outreach. Under this goal were two objectives: (1) respond to 80% of PIA requests within 30 days of receipt; and (2) meet permit turnaround times for 90% of the permits processed.

As shown in **Exhibit 3**, MDE is no longer reporting on the percentage of PIA responses issued within 30 days and the percentage of permits processed within the applicable standard time. MDE previously noted that the substantial improvement between fiscal 2020 and 2022 was due to MDE making the PIA responses issued within 30 days a key focus area for executive management and implementing process improvements. In contrast, the new data for the permits received and permits issued is complete but has been modified since last year. The new permits issued data reflects substantially lower levels for fiscal 2021 through the fiscal 2026 estimate as compared to the data in last year’s analysis, which was updated as well. For instance, the new data shows almost 10,000 fewer permits issued for fiscal 2022. **MDE should comment on why the following measures are no longer reported and the most recent data and trends for each measure: percentage of PIA responses issued within 30 days; and permits processed within applicable standard time. MDE also should comment on why the data for the number of permits issued was updated for fiscal 2021 onward and why it shows substantially lower numbers of permits issued.**

**Exhibit 3
PIA and Permit Data
Fiscal 2015-2027 Estimated**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 Est.	2027 Est.
Permit Applications Received	23,288	23,266	22,560	20,832	20,844	15,833	17,821	18,216	16,791	20,406	14,833	14,944	15,004
Permits Issued – Old Data	20,751	23,396	20,000	21,515	20,237	15,649	15,856	18,767	16,644	11,798	15,743	15,743	10,356
Permits Issued – New Data	20,751	23,396	20,000	21,515	20,237	15,649	7,157	8,946	7,879	11,798	9,533	9,737	10,356
% of PIA Responses Issued Within 30 Days	85%	73%	88%	90%	91%	76%	96%	99%	95%	91%			
Permits Processed Within Applicable Standard Time	92.1%	95.3%	96.0%	95.4%	93.5%	93.7%	88.9%	85.0%		93.0%			
Violations Over 12 Months Old for Which No Enforcement Action Has Been Taken						1,324	1,198	1,144					

PIA: Public Information Act

Source: Department of Budget and Management; Maryland Department of the Environment

Federal Recissions

MDE notes one federal rescission that impacts funding in its budget. There was a reduction of \$730,500 for EPA’s \$1,000,000 Environmental Justice Government-to-Government Program funding that goes to the Chesapeake Bay Trust. The grant was awarded for a three-year term in fiscal 2024 and would have provided \$16,730 annually for MDE’s overhead costs, for a total of \$50,190, and \$949,810 for direct services by the Chesapeake Bay Trust. Due to the rescission, the Chesapeake Bay Trust was only able to use \$269,500 and MDE will have to make minor changes in its personnel budget.

Fiscal 2025

Status of Legislative Additions

Section 21 of the fiscal 2025 Budget Bill added a \$250,000 general fund appropriation within the Water and Science Administration for the purpose of providing a grant to the City of Hagerstown to fund a long-range water and wastewater infrastructure needs study. The City of Hagerstown’s Mayor and City Council approved the memorandum of understanding with MDE on June 17, 2025. **The Department of Legislative Services (DLS) recommends that MDE comment on the status of the long-range water and wastewater infrastructure needs study.**

Fiscal 2026

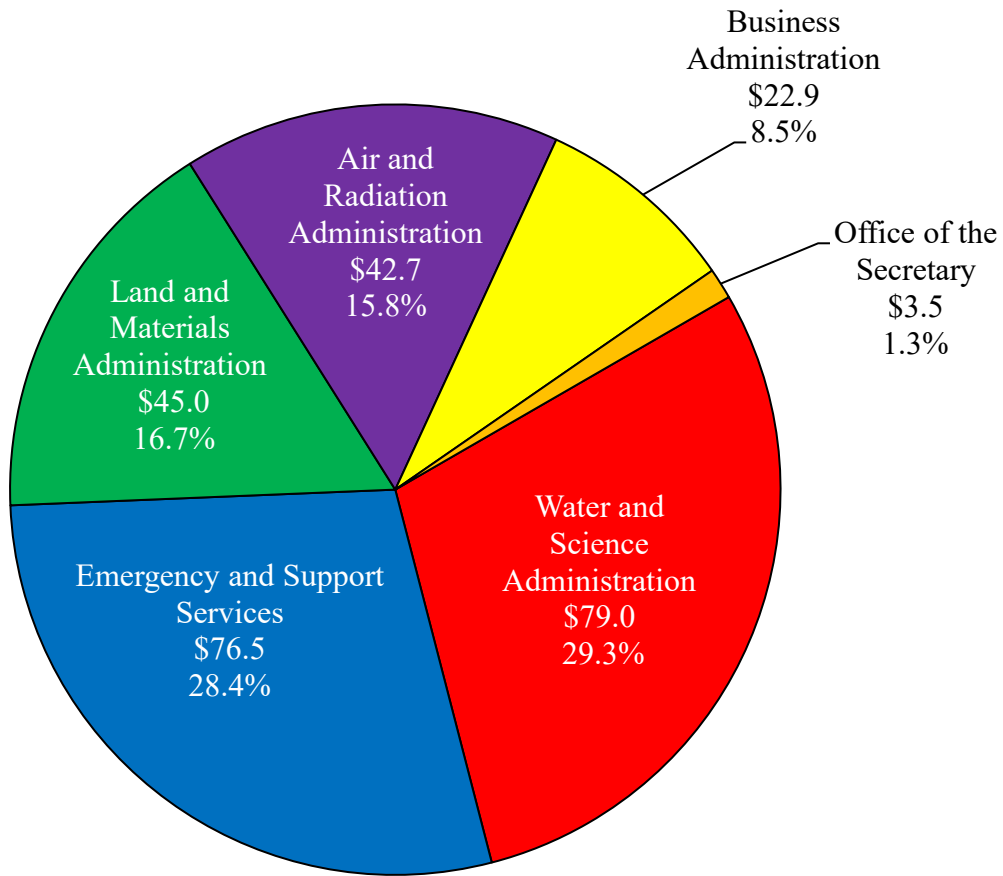
Proposed Deficiency

The fiscal 2027 budget contains a fiscal 2026 deficiency appropriation of \$4,200,000 in federal funds in the Air and Radiation Administration. The funding comes from the EPA’s Climate Pollution Reduction Grants funding that was allocated by the Inflation Reduction Act for reducing greenhouse gas emissions and other harmful air pollution. The funding is divided between contractual FTEs (\$275,000) and contractual services (\$3,925,000). Maryland is part of two coalitions that collectively received more than \$670 million in Climate Pollution Reduction Grants. The Clean Corridor Coalition is focused on electric vehicle charging infrastructure on the Interstate 95 freight corridor and includes Connecticut, Delaware, New Jersey, and both MDE and MDOT. The Atlantic Conservation Coalition leverages the carbon sequestration capacity of natural and working lands (e.g. coastal wetlands, peatlands, forest, and urban forestry) and includes North Carolina, South Carolina, Virginia, and MDE.

Fiscal 2027 Overview of Agency Spending

MDE is organized into six administrative units. **Exhibit 4** illustrates the \$269.7 million fiscal 2027 spending breakdown for the six units as follows.

Exhibit 4
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Note: The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management

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- ***Water and Science Administration (\$79.0 Million, 29.3%):*** The primary funding is \$48.6 million for regular positions; \$18.3 million for grants, comprised of \$11.1 million for operations and maintenance grants for WWTPs upgraded to enhanced nutrient removal technology that is double counted with Emergency and Support Services, \$2.9 million for the Wetlands and Waterways program, \$2.1 million for the Water Supply program, \$1.7 million for the Integrated Water Planning Program, and \$0.5 million for annual dues to the Interstate Commission on the Potomac River Basin and the Susquehanna River Basin Commission; \$9.1 million for contracts, including \$4.7 million for the Sediment, Stormwater, and Dam Safety Program, \$1.8 million for the Water Supply program, \$0.9 million for the Wetlands and Waterways Program, \$0.9 million for the Integrated Water Planning Program, and \$0.3 million for the Wastewater Permits program; and \$0.5 million for contractual FTEs.
- ***Emergency and Support Services (formerly Coordinating Offices) (\$76.5 Million, 28.4%):*** The primary funding is \$28.0 million for debt service on Bay Restoration Fund (BRF) revenue bonds; \$20.0 million for Chapters 694 and 695 of 2021 (Clean Water Commerce Act); \$11.0 million for WWTPs upgraded to enhanced nutrient removal technology that is double counted with the Water and Science Administration; \$7.2 million for regular positions; \$5.5 million for the Department of Information Technology (DoIT) services allocation; \$1.5 million for agreements with local jurisdictions to administer septic system upgrade grants and regulations; \$0.7 million for construction plan review by the Maryland Center for Environmental Training at the College of Southern Maryland; and \$0.6 million for Chapters 644 and 645 of 2024 (Radiation and Emergency Preparedness and Protection Act).
- ***Land and Materials Administration (\$45.0 Million, 16.7%):*** The primary funding is \$30.5 million for regular positions; \$12.1 million for contracts, of which \$4.4 million is in the Mining Program, \$4.4 million is in Waste Diversion and Utilization, \$1.4 million is in the Oil Control Program, \$1.2 million is in the Lead Poisoning Prevention program, and \$0.5 million is in the Land Restoration Program; and \$0.9 million for grants, including \$0.5 million for the Oil Contaminated Site Environmental Cleanup Program and \$0.3 million for lead poisoning prevention case management.
- ***Air and Radiation Administration (\$42.7 Million, 15.8%):*** The primary funding is \$25.5 million for regular positions; \$15.3 million for contracts, of which \$11.2 million is for the Atlantic Conservation Coalition funded by federal Climate Pollution Reduction Grant funding; \$1.0 million is for implementing Chapter 38 of 2022 (Climate Solutions Now Act), \$1.0 million is for modeling by Towson University to ensure compliance with federal ambient air quality standards, \$0.8 million is for participation in the multistate RGGI, \$0.4 million is for evaluation of sealed source medical and industrial equipment, and \$0.2 million is for implementation of various diesel retrofit projects by the Maryland Energy Administration; and \$0.3 million is for grants, of which \$0.2 million is for Environmental Justice Program grants to be issued across the State.

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- ***Business Administration (Formerly Operational Services Administration) (\$22.9 Million, 8.5%):*** The primary funding is \$15.8 million for regular positions and \$6.3 million for rent.
- ***Office of the Secretary (\$3.5 Million, 1.3%):*** The primary funding is \$3.0 million for regular positions and \$0.4 million for contractual services, primarily reflecting statewide cost allocations.

Proposed Budget Change

The MDE fiscal 2027 allowance increases by \$21.6 million, or 8.7%, relative to the fiscal 2026 working appropriation, as shown in **Exhibit 5**. The \$1.2 million general fund increase is primarily due to an increase of \$2.2 million for personnel expenditures, which is offset partially by a decrease of \$0.5 million for the one-time grant to the Baltimore Regional Water Governance Model Workgroup for a consultant’s report and a decrease of \$0.5 million in general funds for the Green and Healthy Homes Initiative to eradicate lead poisoning, which is replaced with an equivalent amount of special funds. The \$7.8 million special fund increase reflects increases of \$11.1 million for WWTP operations and maintenance grants that are double-budgeted and \$1.1 million for nontidal wetland project solicitation by the Chesapeake Bay Trust, which are offset partially by a decrease of \$5.1 million for personnel expenditures. The \$11.3 million federal fund increase is due to an increase of \$7.0 million for Climate Pollution Reduction Grant funding supporting the Atlantic Conservation Coalition’s carbon dioxide sequestration work, \$1.9 million for personnel expenditures, and \$1.0 million for Statewide flood mapping conducted by the Maryland Environmental Service. The \$1.2 million reimbursable fund increase is due to an increase of \$2.7 million for the reimbursable component of the statewide flood mapping conducted by the Maryland Environmental Service, which is offset partially by decreases of \$1.0 million for the Wells and Septic Portal Project – a Major Information Technology Development Project (MITDP) – and \$0.6 million for personnel expenditures.

**Exhibit 5
Proposed Budget
Department of the Environment
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$48,452	\$127,421	\$39,257	\$6,990	\$222,120
Fiscal 2026 Working	47,052	149,486	45,646	5,921	248,105
Fiscal 2027 Allowance	48,299	157,316	56,975	7,087	269,677
Fiscal 2026-2027 \$ Change	\$1,247	\$7,830	\$11,329	\$1,166	\$21,571
Fiscal 2026-2027 % Change	2.7%	5.2%	24.8%	19.7%	8.7%

Where It Goes:	Change
Personnel Expenses	
Employee and retiree health insurance	\$4,807
Salary adjustments	2,455
Deferred compensation match	388
Miscellaneous adjustments	-7,990
Turnover adjustments	-1,289
Other Changes	
Water and Land Policy	
WWTP operations and maintenance costs double budgeted.....	11,100
Statewide flood mapping by Maryland Environmental Service, federal and reimbursable.	3,700
Nontidal wetland project solicitation by Chesapeake Bay Trust	1,050
Water Infrastructure Improvement Act funding for lead in school and child care water.....	573
Groundwater monitoring project with Maryland Geological Survey, net federal increase.....	149
Abandoned Mine Lands Reclamation Projects, federal	-843
Baltimore Regional Water Governance Model Workgroup consultant's report grant	-500
Air Policy	
Climate Pollution Reduction Grant, Atlantic Cons. Coalition CO ₂ sequestration	7,037
Air quality modeling by Towson University	667
Regional Greenhouse Initiative dues increase.....	380
Contractor evaluation of sealed medical and industrial equipment.....	300
Climate Solutions Now Act contracts.....	-380

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Where It Goes:	<u>Change</u>
Clean Air Act technical analyses by University of Maryland	-140
BRFA and Policy Bill Contingencies	
Water and Science Administration expansion of civil and admin. penalty authority.....	-250
Emergency and Support Services new Senior Climate Advisor position	-178
Routine Operations	
DoIT services allocation	429
Travel in Sediment, Stormwater, and Dam Safety, Integrated Water, Field Services.....	353
New trucks in Air Monitoring and Radiological Health	218
Construction monitoring for grant and loan projects.....	200
Rent payments	80
New equipment agencywide.....	69
Wells and Septic Portal Project, MITDP.....	-958
Supplies and materials	-184
Contractual FTEs	-73
Other	400
Total	\$21,571

DoIT: Department of Information Technology
 BRFA: Budget Reconciliation and Financing Act
 FTE: full-time equivalent
 MITDP: Major Information Technology Development Project
 WWTP: wastewater treatment plant

Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Personnel

MDE’s overall personnel expenditures decrease by \$1.6 million in the fiscal 2027 allowance. This is largely due to the use of the miscellaneous adjustments subobject as a way to temporarily account for the fiscal 2026 special fund appropriation contingent on fee revenue increases in Chapter 604 (BRFA of 2025). However, by the fiscal 2026 working appropriation, MDE would have been expected to move the funding out of the miscellaneous adjustments subobject and into the appropriate subobjects for spending in fiscal 2026 and thus allow for a true comparison between the fiscal 2026 working appropriation and the fiscal 2027 allowance. **DLS recommends that MDE comment on the appropriate allocations of the fiscal 2026 funding budgeted in the miscellaneous adjustments subobject.**

Land and Water Policy

Under land and water policy, the overall change is \$15.2 million. The largest change is an increase of \$11.1 million for WWTP operations and maintenance costs that are double-budgeted in fiscal 2027 in the Water and Science Administration. The funding is also budgeted in Emergency and Support Services. Chapter 428 of 2004 (Water Pollution – State Waters – The BRF) originally authorized this use of the BRF. **DLS recommends that the double-budgeted WWTP operations and maintenance funding be deleted.**

Air Policy

Air policy increases by \$7.9 million, of which the largest increase is \$7.0 million for the EPA’s Climate Pollution Reduction Grants funding that supports the Atlantic Conservation Coalition’s carbon dioxide sequestration work. As noted previously, Maryland is part of two coalitions that collectively received more than \$670 million in Climate Pollution Reduction Grants. MDE’s fiscal 2027 budget plan includes a \$4.2 million fiscal 2026 deficiency for this purpose. Therefore, the overall funding in fiscal 2027 is \$11.2 million. This funding is discussed more in Issue 3 of this analysis.

Routine Operations

Expenditures that may be categorized as supporting routine operations increase by \$0.1 million in the fiscal 2027 allowance. The largest change is a decrease of \$1.0 million for the Wells and Septic Portal Project, an MITDP that is winding down. MDE’s MITDPs are discussed more in **Appendix 2** and **Appendix 3** of this analysis.

BRFA and Policy Legislation

The BRFA of 2026 and policy legislation introduced in the 2026 legislative session include provisions affecting MDE’s operating budget. The BRFA provision relates to the use of the SEIF by MDE’s Emergency and Support Services. The provision expands the allowable uses of the RGGI auction revenues deposited into the SEIF to include programs and incentives related to climate change mitigation and climate change resiliency efforts. The fiscal 2027 budget includes a \$178,267 general fund reduction and \$183,237 special fund appropriation, contingent on the enactment of legislation expanding the allowable uses of the SEIF. The funding swap changes the fund source supporting an MDE employee in the Senior Climate Advisor position.

The policy legislation is SB 108/HB 250, which authorizes MDE to impose an administrative penalty for a violation of provisions of the Environment Article relating to the appropriation or use of waters, reservoirs, and dams as well as wetlands and riparian rights. The bills also (1) expand MDE’s authorization to use administrative orders for violations related to waterway construction and dam safety; (2) standardize related administrative notice and hearing procedures; and (3) specify that, under existing civil penalty provisions relating to wetlands and riparian rights violations, each day is a separate violation. The fiscal 2027 budget includes a \$250,000 general fund reduction and \$250,000 special fund appropriation in the Water and Science

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Administration, contingent on the enactment of legislation expanding the civil and administrative penalty authority of MDE. MDE seeks the statutory change because it does not have sufficient resources to effectively enforce violations. The administrative enforcement actions under the bills are expected to allow MDE to bring more enforcement actions and thus bring into compliance the one-third of its current water appropriation and use permittees who are currently in violation of applicable laws.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	981.00	1,004.00	1,003.00	-1.00
Contractual FTEs	<u>52.66</u>	<u>30.50</u>	<u>34.50</u>	<u>4.00</u>
Total Personnel	1,033.66	1,034.50	1,037.50	3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	74.68	7.44%
Positions and Percentage Vacant	91.00	9.06%
Vacancies Above/Below Turnover	16.32	

- In October 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In MDE, 30.0 positions were abolished, of which 17.0 were vacant and 13.0 were due to the VSP.
- MDE’s fiscal 2027 allowance reflects a decrease of 1.0 regular positions and an increase of 4.0 contractual FTEs. The abolished regular position was in the Water and Science Administration and reflects the promotion of an employee into a new role and then the abolishing of the vacated regular position. Contractual FTEs increase by 4.0 in the Air and Radiation Administration’s Air Monitoring program in the fiscal 2027 allowance to help manage the large influx of federal Climate Pollution Reduction Grant funding.
- MDE’s vacancy rate has decreased from 10.13% to 9.06% between December 31, 2024, and December 31, 2025. As of December 31, 2025, MDE had 91.0 positions vacant. Of these positions, 26.5 positions have been vacant for more than a year.
- The MDE budgeted turnover rate increased from 7.44% in the fiscal 2026 working appropriation to 8.37% in the fiscal 2027 allowance. Therefore, MDE must hold open approximately 75 positions throughout fiscal 2027 to meet turnover. MDE currently has sufficient vacancies to meet the turnover rate.

Issues

1. Greenhouse Gas Reduction Spending Analysis Submitted; Outcomes Needed

Addressing climate change is and will continue to be expensive as Maryland implements more stringent greenhouse gas emission reduction standards. Chapter 38 (Climate Solutions Now Act) requires the State to reduce greenhouse gas emissions by 60% from calendar 2006 levels by calendar 2031 and to achieve net-zero statewide greenhouse gas emissions by calendar 2045. *Maryland's Climate Pollution Reduction Plan*, dated December 28, 2023, notes that achieving an equitable transition to a clean energy future under Chapter 38's requirements could require a public sector investment of approximately \$1 billion annually. However, it was not made clear how much the State is already contributing to climate change mitigation.

In December 2025, MDE released the *State of Maryland Greenhouse Gas Reduction Spending Analysis 2025 Annual Report*. This reflects the third iteration of this report and includes both a review of State spending and a review of the impact of this funding on disproportionately affected communities. The State spending was determined by a survey sent to State agencies, of which nine State agencies and eight higher education institutions reported greenhouse gas emission reduction spending.

Exhibit 6 shows the total State spending of \$3.6 billion in fiscal 2025 by agencies and higher education institutions. The majority of this spending, 88%, is by MDOT. The percentage of agency spending that benefited disproportionately affected communities ranged from 0% to an estimated 67% and overall averaged 47%. The report notes that the results could be improved by developing a budgetary tagging mechanism to track climate-related expenditures; the idea of creating a statewide budget code through the Department of Budget and Management (DBM) to track greenhouse gas emission reduction spending in real time no longer appears as a recommendation. While helpful for overall spending purposes, the data does not include any metrics related to the outcomes of the spending. **MDE should comment on how the spending report informs State prioritization of climate change mitigation spending, whether climate change outcomes correlated to the spending could be included in a future report, and whether there has been any consideration of using a tagging mechanism to track climate-related expenditures to track greenhouse gas emission reduction spending.**

Exhibit 6
Agency Greenhouse Gas Spending
Fiscal 2025
(\$ in Millions)

<u>Agency</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount Disprop. Affected</u>	<u>% Disprop. Affected</u>
Maryland Department of Transportation	\$3,150.0	88%	\$1,486.4	47%
Maryland Department of Agriculture	128.9	4%	53.4	41%
Department of Housing and Community Development	102.0	3%	47.1	46%
Department of Natural Resources	40.2	1%	19.0	47%
Department of General Services	28.3	1%	13.3	47%
Maryland Energy Administration	27.5	1%	13.2	48%
University of Maryland Baltimore County	24.0	1%	15.2	63%
Morgan State University	17.7	0%	6.7	38%
University of Maryland Baltimore	17.3	0%	6.5	38%
Maryland Department of Planning	15.3	0%	8.8	57%
Maryland Department of the Environment	13.6	0%	6.2	45%
Towson University	9.5	0%	6.2	63%
University of Maryland, College Park	4.6	0%	3.1	67%
St. Mary's College of Maryland	3.7	0%	0.4	11%
Frostburg State University	1.2	0%	0.2	13%
University of Maryland Center for Environmental Science	0.9	0%	0.1	13%
Maryland State Department of Education	0.4	0%	0.2	47%
University of Maryland Eastern Shore	0.4	0%	0.0	0%
University of Baltimore	0.0	0%	0.0	38%
Total	\$3,585.7	100%	\$1,686.0	47%

Source: Maryland Department of the Environment, State of Maryland Greenhouse Gas Reduction Spending Analysis 2025 Annual Report

2. Study to Assess Greenhouse Gas Emissions Total Cost Returns

During the 2025 special session, the General Assembly voted to override Governor Moore’s vetoes of SB 149/HB 128 of 2025 (Climate Change Adaptation and Mitigation – Total Assessed Cost of Greenhouse Gas Emissions – Study and Reports). The bills therefore became law as Chapters 2 and 12 of the 2025 special session. Chapters 2 and 12 require the Comptroller, in coordination with Commerce and MDE, to conduct a study to assess the total cost of greenhouse gas emissions in the State. The Comptroller was authorized to hire a consultant to conduct the study. The Acts require the Comptroller, Commerce, and MDE to report to various committees of the General Assembly, by December 1, 2026, on the total assessed cost of greenhouse gas emissions in the State based on the findings of the study. The fiscal note for Chapters 2 and 12 indicated a cost of \$500,000 for the Comptroller to complete the study, budgeted as SEIF special funds, as well as \$100,000 in general fund spending. It is not clear whether the \$100,000 in general funds is budgeted. **DLS recommends that MDE comment on whether the \$100,000 in general funds is budgeted in fiscal 2026 for the study and report, what role MDE expects to play, and the ability to complete the study and report by the December 1, 2026 submission date.**

3. Federal Climate Pollution Reduction Grants Funding Spread Across Agencies with Coordination Unclear

EPA Climate Pollution Reduction Grants funding reflects a substantial increase in climate change funding for MDE, DNR, and MDA, but the funding is not budgeted transparently. MDE’s contract information reflects that the Atlantic Conservation Coalition, led by North Carolina, allocates \$50 million for Maryland State agencies – including \$42.4 million for DNR and \$4.8 million for MDA – to support natural carbon sequestration projects like afforestation, agroforestry, and coastal restoration. The funding in agency budgets does not match this information and instead is shown as follows: MDE fiscal 2026 deficiency (\$4,200,000) and fiscal 2027 allowance (\$11,512,324); DNR fiscal 2026 working appropriation (\$4,350,370) and fiscal 2027 allowance (\$5,232,342); and no funding for MDA in either fiscal 2026 or 2027. MDE’s funding is reflected as federal funds coming from the EPA Climate Pollution Reduction Grant Fund while DNR’s funding is shown as reimbursable funds coming from DNR’s Office of the Secretary, which does not appear to have a corresponding federal fund appropriation and MDA, once again, reflects no funding. This lack of funding clarity makes it difficult to track whether DNR and MDA are intended to receive federal funding directly or via a reimbursable fund appropriation supported by federal funds in MDE’s budget. In addition, on February 22, 2026, the Trump Administration announced the elimination of the endangerment finding underpinning greenhouse gas regulation under the Clean Air Act, which would seem to put the Climate Pollution Reduction Grants funding in jeopardy.

DLS recommends that MDE, in coordination with DNR and MDA, comment on the following: (1) the amount of overall funding allocated to the State and when it can be expected to be budgeted by agency (presumably fiscal 2026 and 2027 and perhaps beyond); (2) the funding relationship to the Atlantic Conservation Coalition and the Clean Corridor

Coalition; (3) the funding use by agency by year; (4) the metrics being used to determine the effectiveness of funding in terms of expected outcomes; and (5) any other relevant information needed to convey the size and scope of this funding stream, including whether the funding is in jeopardy based on the recent repeal of the endangerment finding underpinning greenhouse gas regulation under the Clean Air Act.

4. Building Energy Performance Standards Additional Positions Not Funded

Chapter 38 (Climate Solutions Now Act) required MDE to develop building energy performance standards for covered buildings that achieve (1) a 20% reduction in net direct greenhouse gas (GHG) emissions by January 1, 2030, as compared with 2025 levels for average buildings of similar construction and (2) net-zero direct GHG emissions by January 1, 2040. To facilitate the development of these building energy performance standards, Chapter 38 required covered building owners to measure and report direct emissions data to MDE each year beginning in calendar 2025. The provision requiring MDE to set a standard that achieves net-zero direct GHG emissions for covered buildings terminates December 31, 2029. By June 1, 2023, MDE was required to adopt regulations to implement the building energy performance standards. The regulations were required to meet several specified requirements. Among other things, the regulations were required to (1) include energy use intensity targets by building type, as specified; (2) provide maximum flexibility to the owners of covered buildings; (3) include an alternative compliance pathway allowing the owner to pay a fee for GHG emissions attributable to the building's failure to meet direct GHG emissions reduction targets; and (4) to the extent authorized by law, include financial incentives recommended by the Building Energy Transition Implementation Task Force.

Language in the fiscal 2025 Budget Bill restricted Air and Radiation Administration funding for final development and submission of energy use intensity targets and standards regulations to the Joint Committee on Administrative, Executive, and Legislative Review until the submission of the following: (1) a letter confirming that building energy performance standards actions have been taken as required in § 2-1602 of the Environment Article; and (2) a report on energy use intensity costs and the economic feasibility of meeting energy use intensity standards, as well as alternatives to energy use intensity for meeting greenhouse gas emission targets. In addition, the language expressed intent about the continuation of the building energy performance regulations.

The building energy performance standards were published in the Maryland Register on September 6, 2024, and adopted on December 23, 2024, which appeared to conflict with the fiscal 2025 Budget Bill language. MDE noted that it did not expend any funds for final development and submission of energy use intensity targets and standards regulations because it does not have the data needed to calculate the energy use intensity standards required by the budget bill language. MDE expects to receive the data by June 30, 2026. The data will allow MDE to calculate the energy use intensity standards, complete the required report, and then adopt updated regulations incorporating the energy use intensity standards in calendar 2027. Of note, the budget

bill language expired at the end of fiscal 2025 and, therefore, no longer constrains MDE’s ability to complete the final development and submission of energy use intensity targets and standards regulations. However, MDE has noted that it will comply with the spirit of the language.

Subsequently, Chapter 844 (Environment – Building Energy Performance Standards – Alterations and Analysis) made changes to provisions related to the building energy performance standards for covered buildings. Among other things, the building energy performance standards regulations that MDE is required to establish must include additional special provisions, exceptions, and exemptions and a \$100 annual reporting fee indexed to the consumer price index for buildings subject to the building energy performance standards. Chapter 844 also altered the definition of “covered building” and required MDE to (1) certify a county building energy performance standards program and (2) conduct a cost-benefit analysis and develop recommendations regarding building energy performance standards policy options and submit its analysis and recommendations to the Governor and the General Assembly by December 31, 2026.

On December 1, 2025, MDE proposed amendments to the building energy performance standards regulations, which would implement the \$100 annual reporting fee as required by Chapter 844 and support the administrative costs of the building energy performance standards program. However, the fiscal note for Chapter 844 noted the need for 5.0 positions to implement the provisions of Chapter 844 and 5.0 additional positions – 4.0 regulatory and compliance engineers and 1.0 assistant attorney general – in fiscal 2026 to administer the building energy performance standards program and to establish and maintain an online reporting system for covered buildings as required by current law. MDE’s fiscal 2026 allowance included 3.0 additional positions in the Climate Change Program, but no new positions are reflected for the fiscal 2027 allowance. **DLS recommends that committee narrative be adopted concerning building energy performance standards information requested of MDE previously that cannot be completed until the end of fiscal 2026. DLS also recommends that MDE comment on how it is administering the building energy performance standards program and establishing and maintaining an online reporting system for covered buildings, as required by current law, without additional positions.**

5. MDE Fee Increase Revenue Masked by Inflated Special Fund Revenue Estimates

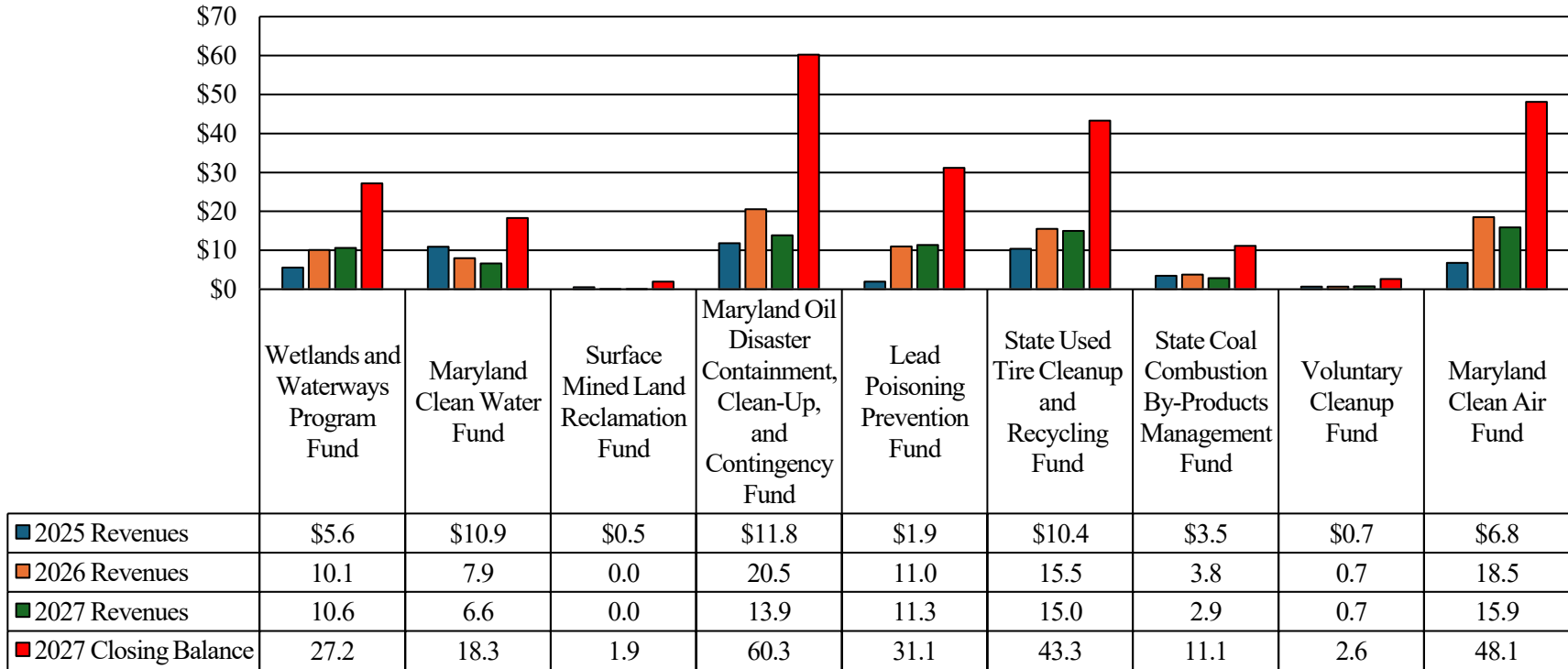
Legislation in the 2025 session increased special fund revenues to multiple MDE special funds. The legislation included Chapter 604 (BRFA of 2025), Chapter 432 (Department of the Environment – Fees, Penalties, Funding, and Regulation), and Chapter 844. The fiscal 2026 operating budget included general fund and special fund reductions and appropriations contingent on the fee revenue provisions in Chapter 604, Chapter 432 and Chapter 844. These provisions affect the following units within MDE and their associated special funds:

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- ***Water and Science Administration:*** Wetlands and Waterways Program Fund and Maryland Clean Water Fund
- ***Land and Materials Administration:*** Surface Mined Land Reclamation Fund, Maryland Oil Disaster Containment, Clean-up and Contingency Fund, Lead Poisoning Prevention Fund, State Used Tire Cleanup and Recycling Fund, State Coal Combustion By-Products Management Fund, and Voluntary Cleanup Fund
- ***Air and Radiation Administration:*** Maryland Clean Air Fund
- ***Emergency and Support Services:*** Maryland Clean Water Fund (shared with the Water and Science Administration) and Private Dam Repair Fund.

The fund balance information provided with the fiscal 2027 budget includes inflated revenue amounts for the main special funds that receive the fee revenue, which makes it difficult to see how the fee revenues from Chapter 604, Chapter 432, and Chapter 844 are being realized in MDE’s fiscal 2027 budget. **Exhibit 7** reflects the difference between revenue and fund balance information for the applicable special funds between the 2025 session and the 2026 session. The difference for fiscal 2025 and 2026 revenues between the two sessions is a straight comparison between the data provided for the 2025 and 2026 sessions, while the difference for fiscal 2027 reflects the fiscal 2026 amounts from the 2025 session and fiscal 2027 amounts from the 2026 session. For all but the Private Dam Repair Fund, the revenues increased substantially more than was estimated in the fiscal notes for Chapter 604, Chapter 432, and Chapter 844. It is possible that revenues from other 2025 session legislation and penalty revenue could be skewing the revenues but not at the scale shown in the exhibit. The Private Dam Repair Fund is not reflected because it is not shown in the data provided for the 2026 session or is otherwise not broken out. **DLS recommends that MDE comment on why the fiscal 2025-2027 revenues are so much greater than the estimated revenues for Chapter 604, Chapter 432, and Chapter 844; the likelihood of the fiscal 2027 estimated closing balances being realized; the overall experience with the new revenues generated; and how the new revenues have been used to stabilize or expand programs.**

Exhibit 7
Difference Between 2025 Session and 2026 Session Revenues and Closing Balance
Fiscal 2025-2027
(\$ in Thousands/Millions)



Note: The Private Dam Repair Fund is not reflected because it is not shown in the data provided for the 2026 legislative session or is otherwise not broken out.

Source: Department of Budget and Management; Department of Legislative Services

Operating Budget Recommended Actions

	<u>Amount Change</u>	
1.		Delete double-budgeted wastewater treatment plant operation and maintenance grants. The funding is already budgeted in Emergency and Support Services. Chapter 428 of 2004 (Water Pollution – State Waters – The Bay Restoration Fund (BRF)) originally authorized the use of the BRF for this purpose.
	-\$11,100,000	SF
2.		Adopt the following narrative: Energy Use Intensity Costs and Alternatives Reporting for Building Energy Performance Standards: The General Assembly restricted funding in the Maryland Department of the Environment’s (MDE) fiscal 2024 operating budget pending the submission of a report on energy use intensity costs and alternatives to energy use intensity for meeting greenhouse gas emission targets. MDE could not submit this information during fiscal 2025 because it will not receive the underlying data that needs to be analyzed until June 30, 2026. Therefore, the committees request that MDE submit by December 1, 2026, a report on energy use intensity costs and alternatives to energy use intensity for meeting greenhouse gas emission targets, which shall include: <ul style="list-style-type: none">• an assessment of the energy use intensity requirement compliance cost to owners of covered buildings;• a recommendation for an alternative compliance fee for energy use intensity on building owners, after taking into account any financial incentives offered to the covered building owners;• an evaluation of mechanisms other than energy use intensity to meet greenhouse gas emission targets; and• an economic feasibility study of meeting energy use intensity standards which shall consider factors including, but not limited to, building age technological limitations and limits of building resources and include recommendations addressing covered buildings and underresourced buildings that, after considering all possible incentives, including avoided penalties and fees, would still result in building noncompliance with greenhouse gas emission regulations and targets.

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Information Request	Author	Due Date
Energy use intensity costs and alternatives reporting for building energy performance standards	MDE	December 1, 2026
Total Net Change to Fiscal 2027 Allowance		-\$11,100,000

Updates

1. Sediment and Erosion Control Standardization Report Notes Delegation of Authority for Grading Means MDE Has No Data to Report

The budget committees noted that the delegation of authority to local jurisdictions for implementing the 20-acre grading unit limitation may result in non-uniform enforcement of compliance with the limitation. Therefore, the budget committees requested that MDE submit a report detailing all denials of requests for simultaneous grading on noncontiguous grading units. The report was required to be submitted by July 1, 2025, and to include the following information provided to MDE by local jurisdictions and regulatory bodies concerning denials of requests for simultaneous grading on non-contiguous grading units: (1) the specific laws, regulations, ordinances, and policies supporting the denial; (2) the information and factors relied upon to make the determination to deny; and (3) the appeal process for applicants who have been denied. MDE's submitted report notes that it cannot conduct the required analysis because (1) the 20-acre criterion for the grading unit has been removed from Maryland's Erosion and Sediment Control regulations and handbook; (2) decisions regarding grading unit size and phasing are made at the local level; and (3) MDE does not receive data or documentation related to grading unit denials.

2. Maryland Used Tire Cleanup and Recycling Fund Annual Report Submitted

The budget committees requested that MDE submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2025. The committees were concerned that § 9-275(c) of the Environment Article, which specifies that an annual status report on the Maryland Used Tire Cleanup and Recycling Fund is due on or before November 1 of each year, was not consistently met before the inclusion of annual budget bill language or committee narrative.

The fiscal 2025 annual report was submitted on January 8, 2026. The report notes that the BRFA of 2025 required MDE to set the existing tire recycling fee imposed on the first sale of a new tire in the State by a tire dealer at \$1.00 per tire, beginning January 1, 2026. In fiscal 2025, (1) the gross tire revenues deposited into the fund increased 10.8% from \$2.9 million to \$3.3 million; (2) the fiscal 2025 ending fund balance was \$4.3 million; (3) the Scrap Tire Program continues to oversee the cleanup and recovery of 514,076 scrap tires identified in illegal stockpiles at the end of fiscal 2024; (4) there were no new illegal scrap tire stockpiles identified; and (5) the successful cleanup of three illegal scrap tire stockpiles – Harris Baltimore Realty LLC (Baltimore County), Lebon Lawn Service, LLC (Howard County), and Ulmer Tire Dump (Cecil County) – consisting of approximately 419 scrap tires was conducted by the responsible parties without using the fund. The report made no mention about regional agricultural scrap tire drop-off events that previously were held in cooperation with the Maryland Environmental Service and the Maryland Farm Bureau, so it is assumed that the events did not occur in fiscal 2025.

For fiscal 2026, MDE anticipates continuing or completing the cleanup on 52 illegal scrap tire stockpile sites, mostly funded by responsible parties. The largest pending or ongoing stockpile is the Foys Salvage/Greensboro site in Caroline County, with approximately 200,000 scrap tires.

3. Enforcement and Inspection Position Strength Assessment and Vacant Positions

The budget committees have requested reports on enforcement and inspection position strength assessment and vacant position filling since the 2016 JCR. The 2025 JCR requested that MDE and MDA submit a report by January 1, 2026. Report requests and responses are as follows:

- ***An Evaluation of the Adequacy of Maryland’s Current Authorized Compliance and Enforcement Positions in the Departments’ Delegation of Authority by the Federal Government and the Role of Technology in Enforcement:*** the Nutrient Management Program’s agricultural inspectors have seen 1.0 experienced specialist retirement and another specialist’s long-term work injury and are spending substantial time dealing with neighbor complaints. The Turfgrass Nutrient Management Program saw 1.0 inspector use the VSP in September 2025. The 0.5 reviewer position for certified consultants who write nutrient management plans has been vacant since September 2025. MDE’s overall number of inspectors is little changed for all three administrations between fiscal 2015 and 2025, although there are periods in which inspector levels were much higher than they were in fiscal 2025. The fiscal 2015 to 2025 changes in inspectors by administration is as follows: Water and Science Administration – increases from 43 to 45 positions, or 2 positions; Land and Materials Administration – increases from 73 to 75 positions, or 2 positions; and Air and Radiation Administration – decreases from 41 to 36, or 5 positions. MDE’s average vacancy rate from fiscal 2015 to 2025 is fairly low at 7% while the average vacancy rates have been much higher for the Water and Science Administration at 17% and Land and Materials Administration at 18%;
- ***A Comparison of the Size, Roles, Responsibilities, and Inspection Workload of the Departments’ Compliance and Enforcement Positions to Neighboring or Similar States:*** Chesapeake Bay watershed states (*i.e.* Delaware, Virginia, Pennsylvania) have similar agricultural nutrient management requirements, but no states implement a mandatory turfgrass nutrient management program. MDE notes that its Lead Poisoning Prevention Program is a national leader and that EPA’s Environmental Compliance Online website ranks MDE as doing as well as or better than the national average on many measures;
- ***A List of All Inspection Activities Conducted By the MDE Water and Science Administration, the Land and Materials Administration, the Air and Radiation Administration, and the MDA Office of Resource Conservation:*** MDA conducts farmer

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and consultant nutrient plan inspections as well as turfgrass inspections. MDE conducts numerous air, land, and water inspections across its three administrations;

- ***The Number of Regular Positions and Contractual FTEs Associated with the Inspections, Including the Number of Vacancies for Fiscal 2013 through 2025 Actual and Fiscal 2026 Current and Fiscal 2027 Estimated Appropriations:*** MDA’s agricultural Nutrient Management Program inspector positions have generally increased from 8.0 to 10.0 inspectors since fiscal 2024. The consultant reviewer position splits time between agricultural and turfgrass inspections and is vacant. There is one turfgrass inspector currently. MDE’s administrations currently are staffed with enforcement positions as follows: Air and Radiation – 31.0 filled permanent positions and contractual FTEs with 7.0 vacancies; Land and Materials – 66.0 filled with 24.0 vacancies; and Water and Science – 77.0 filled with 19.0 vacancies;
- ***A Description of the Use of and Outcomes from Any Next Generation Compliance Techniques to Increase Compliance with Maryland’s Environmental Regulations:*** MDA does not use any such tools for its Nutrient Management Program implementation reviews. MDE is working with EPA on Next Generation compliance tools. The Land and Materials Administration uses aerial photographs via services such as Google Earth to evaluate sites for disturbances and the Air and Radiation Administration uses smartphones to conduct remote inspections by using videos, photos, and live streaming from site owners.

Appendix 1

2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that MDE prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Summary of Chesapeake Bay Restoration Spending:*** The budget committees requested that DBM, DNR, and MDE provide a report on Chesapeake Bay restoration spending. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Historical and Projected Chesapeake Bay Restoration:*** The budget committees requested that the Maryland Department of Planning, DNR, MDA, MDE, and DBM submit a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework needed to meet the calendar 2025 requirement of having all best management practices in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Sediment and Erosion Control Standardization Report:*** The budget committees requested that MDE submit a report detailing all denials of requests for simultaneous grading on noncontiguous grading units. The report was required to be submitted by July 1, 2025, and to include following information provided to MDE by local jurisdictions and regulatory bodies concerning denials of requests for simultaneous grading on non-contiguous grading units: (1) the specific laws, regulations, ordinances, and policies supporting the denial; (2) the information and factors relied upon to make the determination to deny; and (3) the appeal process for applicants who have been denied. Further discussion of this data can be found in the Updates section of this analysis.
- ***Maryland Used Tire Cleanup and Recycling Fund Annual Report:*** The committees requested that MDE submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2024. Section 9-275(c) of the Environment Article specifies that an annual status report is due on or before November 1 of each year. This required annual report was not consistently submitted by MDE prior to the introduction of annual budget bill language or committee narrative. Further discussion of this data can be found in the Updates section of this analysis.
- ***Compliance and Enforcement Position Quarterly Reports:*** The budget committees requested that MDE and MDA submit a report on compliance and enforcement positions. The report was required to include an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions; a comparison of the size, roles, responsibilities, and inspection workload of the departments’ compliance and enforcement positions to neighboring or similar states; a list of all inspection activities in certain programs; staffing and funding levels for fiscal 2025 and 2026; and a description of the use

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and outcomes from any next generation compliance techniques to increase compliance with Maryland’s environmental regulations. Further discussion of this data can be found in the Updates section of this analysis.

Appendix 2
MDE Portal Project
Major Information Technology Development Project
Maryland Department of the Environment

New/Ongoing: Ongoing					
Start Date: July 1, 2024				Est. Completion Date: May 2028	
Implementation Strategy: Agile					
(\$ in Millions)	Prior Year	2026	2027	Remainder	Total
GF	\$1.000	\$2.000	\$0.000	\$4.000	\$7.000
Total	\$1.000	\$2.000	\$0.000	\$4.000	\$7.000

- Project Summary:** This project develops an online permit application tool to support the permitting process across MDE’s programs. Due to cost concerns and a lack of support by the Secretary, the project will not be completed by the OneStop vendor but will instead be completed via internal custom development through DoIT consulting services via a deployed team from Maryland Digital Service – a cross-functional group of people anywhere between 2 to 10, (sometimes higher) that are dedicated and contribute to the design, development, testing, and quality of an incremental piece of product in delivering iterative cycles. The resulting tool will be integrated with the existing Environmental Tracking System and Lead Rental Certification and Accreditation architecture. The project is broken up into three phases: phase 1 – initial setup; phase 2 – National Pollutant Discharge Elimination System forms transformation; and phase 3 – remaining permit forms transformation. The number of permits and applications to be transformed appears to have increased from 200 to 460, as noted in last year’s analysis.
- Need:** MDE’s current process is paper-based and requires staff input. An online system will expedite the permitting process and allow applicants to track the real time progress status of applications. MDE also lists Chapter 243 of 2022 (State Government – information technology (IT) and Cybersecurity-Related Infrastructure (Modernize Maryland Act)) as one of the mandates for the project because the project will modernize MDE’s applications and IT systems thus ensuring potential cybersecurity vulnerabilities are addressed and remediated.
- Concerns:** The project has been brought in-house using the DoIT’s Agile team instead of using the OneStop vendor. The reasoning for this decision, which included cost considerations and that the delivery approach/model did not align with the Secretary of the Environment’s goals, is not clear. The project timeline has been extended due to the four-month lead time for onboarding of the Agile consulting services; the original end date was estimated to be June 30, 2027, while new information reflects a May 2028 to possibly an early fiscal 2029 end date. While the project costs decreased from \$5.4 million to \$3.7 million in last year’s analysis, the cost is now reflected as being \$7.0 million. The phase 1 minimum viable project go-live date was estimated to be January 6, 2026, and the phase 2 – WEB Forms was planned to be initiated in parallel with phase 1, but nothing was

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in production as of December 12, 2025. The DoIT Master Contract for staff expires in March 2027, while the project is not scheduled to be completed until May 2028, which could mean the loss of key project staff. In addition, new user acceptance testing feedback is uncovering additional requirements. Finally, the project has shifted from having 1 high risk factor out of the 11 major factors used to 8 high risk factors, as noted in last year's analysis.

Appendix 3
MDE Wells and Septic Portal Project
Major Information Technology Development Project
Maryland Department of the Environment

New/Ongoing: Ongoing					
Start Date: July 1, 2024			Est. Completion Date: December 30, 2027		
Implementation Strategy: Agile					
(\$ in Millions)	Prior Year	2026	2027	Remainder	Total
GF	\$0.859	\$1.050	\$0.254	\$5.673	\$7.836
Total	\$0.859	\$1.050	\$0.254	\$5.673	\$7.836

- Project Summary:** This project develops an online portal/database for Maryland Onsite Sewage Disposal Systems and Well Installation Permits. The project has shifted from development by a OneStop vendor to internal custom development through DoIT Agile consulting services. The project will allow well and septic contactors to submit and pay for well and septic applications/permits and to track their applications in real time. The project also will allow MDE to query the database for permit application informational reports.
- Need:** The current permitting process is paper-based with no centralized oversight and lacks transparency. This project will improve public health and streamline permitting for counties and local health departments thus improving service for businesses and citizens seeking well and septic permit approvals.
- Concerns:** The project has been brought in-house using DoIT’s Agile team instead of using the OneStop vendor. Similar to the MDE Portal project, the stated reasoning for this decision, cost considerations and the delivery approach/model not aligning with the Secretary of the Environment’s goals, is not clear. The project completion date has shifted again, from September 30, 2027, to December 30, 2027, due to the four-month lead time for onboarding of the Agile consulting services, and now to an indefinite time that appears to be in fiscal 2029. In addition, the overall cost has increased again. In last year’s analysis, it was noted the cost increased from \$3.4 million to \$3.6 million due to the shift in project development responsibility and schedule. The cost has now increased to \$7.8 million. Similar to the MDE Portal Project, the staffing master contract ends in March 2027, which is more than a full year before the estimated end of the overall project, which necessitates a contract extension. Through December 12, 2025, no project features are being used in production.
- Other Comments:** Chapters 586 and 587 of 2023 (Private Well Safety Act), subject to the availability of funding, and in consultation with DoIT, required MDE to use an online portal to receive water quality testing results, upload certificates of potability and other water quality testing results, and provide public access to that information.

**Appendix 4
Object/Fund Difference Report
Department of the Environment**

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	981.00	1,004.00	1,003.00	-1.00	-0.1%
02 Contractual	52.66	30.50	34.50	4.00	13.1%
Total Positions	1,033.66	1,034.50	1,037.50	3.00	0.3%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$118,445,323	\$132,273,449	\$130,644,072	-\$1,629,377	-1.2%
02 Technical and Special Fees	3,817,351	1,675,997	1,603,029	-72,968	-4.4%
03 Communications	585,801	488,181	496,325	8,144	1.7%
04 Travel	324,843	104,912	458,300	353,388	336.8%
06 Fuel and Utilities	354,873	373,066	373,066	0	0.0%
07 Motor Vehicle Operation and Maintenance	2,708,453	1,475,371	1,693,819	218,448	14.8%
08 Contractual Services	21,727,004	33,778,340	44,801,502	11,023,162	32.6%
09 Supplies and Materials	910,809	1,628,333	1,444,045	-184,288	-11.3%
10 Equipment – Replacement	406,534	493,678	611,491	117,813	23.9%
11 Equipment – Additional	107,058	392,574	343,695	-48,879	-12.5%
12 Grants, Subsidies, and Contributions	38,722,466	40,627,118	52,748,480	12,121,362	29.8%
13 Fixed Charges	6,795,285	6,794,429	6,887,242	92,813	1.4%
14 Land and Structures	27,214,170	28,000,000	28,000,000	0	0.0%
Total Objects	\$222,119,970	\$248,105,448	\$270,105,066	\$21,999,618	8.9%
Funds					
01 General Funds	\$48,451,584	\$47,052,069	\$48,727,091	\$1,675,022	3.6%
03 Special Funds	127,420,925	149,486,082	157,316,194	7,830,112	5.2%
05 Federal Funds	39,257,009	45,646,088	56,974,943	11,328,855	24.8%
09 Reimbursable Funds	6,990,452	5,921,209	7,086,838	1,165,629	19.7%
Total Funds	\$222,119,970	\$248,105,448	\$270,105,066	\$21,999,618	8.9%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 5
Fiscal Summary
Department of the Environment**

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
01 Office of the Secretary	\$2,985,523	\$3,127,416	\$3,488,442	\$361,026	11.5%
02 Business Administration	12,071,351	21,695,916	22,946,019	1,250,103	5.8%
01 Water and Science Administration	60,057,221	58,706,369	79,270,257	20,563,888	35.0%
01 Land and Materials Administration	36,642,016	51,274,772	45,029,427	-6,245,345	-12.2%
01 Air and Radiation Administration	26,780,236	36,244,248	42,653,740	6,409,492	17.7%
01 Emergency and Support Services	54,510,489	48,098,899	48,717,181	618,282	1.3%
02 Major Information Technology Development Project	1,858,964	957,828	0	-957,828	-100.0%
03 Bay Restoration Fund Debt Service	27,214,170	28,000,000	28,000,000	0	0.0%
Total Expenditures	\$222,119,970	\$248,105,448	\$270,105,066	\$21,999,618	8.9%
General Funds	\$48,451,584	\$47,052,069	\$48,727,091	\$1,675,022	3.6%
Special Funds	127,420,925	149,486,082	157,316,194	7,830,112	5.2%
Federal Funds	39,257,009	45,646,088	56,974,943	11,328,855	24.8%
Total Appropriations	\$215,129,518	\$242,184,239	\$263,018,228	\$20,833,989	8.6%
Reimbursable Funds	\$6,990,452	\$5,921,209	\$7,086,838	\$1,165,629	19.7%
Total Funds	\$222,119,970	\$248,105,448	\$270,105,066	\$21,999,618	8.9%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.