

# SENATE BILL 671

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By: **Senator West**

Introduced and read first time: February 3, 2020

Assigned to: Education, Health, and Environmental Affairs and Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Bay Restoration Fund – Allocation of Fees, Authorized Uses, and County**  
3 **Authority to Incur Indebtedness**

4 FOR the purpose of requiring the Comptroller to set aside and deposit into a certain  
5 separate account in the Bay Restoration Fund a certain amount from certain Bay  
6 Restoration Fees in certain fiscal years; authorizing the use of certain funds in a  
7 certain separate account for certain costs associated with the installation of a certain  
8 new on-site sewage disposal system or the repair or replacement of a failing on-site  
9 sewage disposal system with a certain new system; authorizing a county to borrow  
10 money and incur indebtedness through the issuance and sale of notes in anticipation  
11 of the receipt of the county's allocation of funds from the Bay Restoration Fund;  
12 authorizing a county to expend the net proceeds of the sale of a certain issue of notes  
13 only for certain purposes; authorizing the principal of certain notes and the interest  
14 on certain notes to be paid from certain sources; authorizing a county to pledge its  
15 full faith and credit and taxing power to the payment of the principal of and interest  
16 on certain notes under certain circumstances; providing that the authority to borrow  
17 money and issue notes granted to counties by this Act is supplemental to and not in  
18 derogation of certain other powers; and generally relating to the Bay Restoration  
19 Fund.

20 BY repealing and reenacting, without amendments,  
21 Article – Environment  
22 Section 9–1605.2(b)(1) and 9–1607(a)  
23 Annotated Code of Maryland  
24 (2014 Replacement Volume and 2019 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article – Environment  
27 Section 9–1605.2(h)(1) and (2)(i)1.  
28 Annotated Code of Maryland  
29 (2014 Replacement Volume and 2019 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to

2 Article – Local Government

3 Section 19–1001 through 19–1004 to be under the new subtitle “Subtitle 10. Public  
4 Debt – Grants and Loans for Septic Upgrades”

5 Annotated Code of Maryland

6 (2013 Volume and 2019 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
8 That the Laws of Maryland read as follows:

9 **Article – Environment**

10 9–1605.2.

11 (b) (1) (i) Beginning on July 1, 2012, the Bay Restoration Fee is:

12 1. For each residential dwelling that receives an individual  
13 sewer bill and each user of an on–site sewage disposal system or a holding tank that  
14 receives a water bill:

15 A. \$2.50 per month if the wastewater generated by a  
16 residential dwelling is treated at a wastewater facility that does not discharge into the  
17 Chesapeake Bay Watershed or the Coastal Bays Watershed;

18 B. \$2.50 per month if the on–site sewage disposal system or  
19 holding tank is not located within the Chesapeake Bay Watershed or the Coastal Bays  
20 Watershed;

21 C. \$5.00 per month if the wastewater generated by a  
22 residential dwelling is treated at a wastewater facility that does discharge into the  
23 Chesapeake Bay Watershed or the Coastal Bays Watershed; and

24 D. \$5.00 per month if the wastewater on–site sewage disposal  
25 system or holding tank is located within the Chesapeake Bay Watershed or the Coastal  
26 Bays Watershed;

27 2. For each user of an on–site sewage disposal system that  
28 does not receive a water bill:

29 A. \$30 per year if the on–site sewage disposal system is not  
30 located within the Chesapeake Bay Watershed or the Coastal Bays Watershed; or

31 B. \$60 per year if the on–site sewage disposal system is  
32 located within the Chesapeake Bay Watershed or the Coastal Bays Watershed;

33 3. For each user of a sewage holding tank that does not

1 receive a water bill:

2                   A.     \$30 per year if the sewage holding tank is not located  
3 within the Chesapeake Bay Watershed or the Coastal Bays Watershed; and

4                   B.     \$60 per year if the sewage holding tank is located within  
5 the Chesapeake Bay Watershed or the Coastal Bays Watershed; and

6                   4.     For a building or group of buildings under single  
7 ownership or management that receives a sewer bill and that contains multiple residential  
8 dwellings that do not receive an individual sewer bill or for a nonresidential user:

9                   A.     For each equivalent dwelling unit not exceeding 2,000  
10 equivalent dwelling units, \$2.50 per month if the wastewater generated by a building or  
11 group of buildings containing multiple residential dwellings is treated at a wastewater  
12 facility that does not discharge into the Chesapeake Bay Watershed or the Coastal Bays  
13 Watershed;

14                  B.     For each equivalent dwelling unit not exceeding 2,000  
15 equivalent dwelling units, \$5.00 per month if the wastewater generated by a building or  
16 group of buildings containing multiple residential dwellings is treated at a wastewater  
17 facility that does discharge into the Chesapeake Bay Watershed or the Coastal Bays  
18 Watershed; and

19                  C.     For each equivalent dwelling unit exceeding 2,000  
20 equivalent dwelling units, zero.

21                  (ii)    For a nonresidential user, the Bay Restoration Fee may be  
22 calculated based on an estimate of equivalent dwelling units of wastewater effluent  
23 generated, if the nonresidential user's wastewater bill is based on wastewater generated  
24 and not on water usage.

25                  (h)    (1)   [With regard to the funds collected under subsection (b)(1)(i)1 of this  
26 section from users of an on-site sewage disposal system or holding tank that receive a water  
27 bill and subsection (b)(1)(i)2 and 3 of this section, beginning in fiscal year 2006, the] **THE**  
28 Comptroller shall:

29                          (i)    Establish a separate account within the Bay Restoration Fund;  
30 [and]

31                          **(II)    IN FISCAL YEAR 2006 AND EACH FISCAL YEAR THEREAFTER,**  
32 **SET ASIDE AND DEPOSIT INTO THE SEPARATE ACCOUNT:**

33                                  **1.    THE FUNDS COLLECTED UNDER SUBSECTION**  
34 **(B)(1)(I)1 OF THIS SECTION FROM USERS OF AN ON-SITE SEWAGE DISPOSAL SYSTEM**  
35 **OR HOLDING TANK THAT RECEIVE A WATER BILL;**

1                                   **2. THE FUNDS COLLECTED UNDER SUBSECTION**  
2 **(B)(1)(I)2 OF THIS SECTION; AND**

3                                   **3. THE FUNDS COLLECTED UNDER SUBSECTION**  
4 **(B)(1)(I)3 OF THIS SECTION;**

5                                   **(III) IN FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER,**  
6 **SET ASIDE AND DEPOSIT INTO THE SEPARATE ACCOUNT \$25,000,000 FROM:**

7                                   **1. THE FUNDS COLLECTED UNDER SUBSECTION**  
8 **(B)(1)(I)1 OF THIS SECTION FROM PERSONS OTHER THAN USERS OF AN ON-SITE**  
9 **SEWAGE DISPOSAL SYSTEM OR HOLDING TANK THAT RECEIVE A WATER BILL;**

10                                  **2. THE FUNDS COLLECTED UNDER SUBSECTION**  
11 **(B)(1)(I)4 OF THIS SECTION; AND**

12                                  **3. THE FUNDS COLLECTED UNDER SUBSECTION**  
13 **(B)(1)(II) OF THIS SECTION; AND**

14                    [(ii)] **(IV)** Disburse the funds as provided under paragraph (2) of this  
15 subsection.

16                    (2) The Comptroller shall:

17                           (i) Deposit 60% of the funds in the separate account to be used for:

18                                   1. Subject to paragraphs (3), (4), (5), and (6) of this  
19 subsection, with priority first given to failing systems and holding tanks located in the  
20 Chesapeake and Atlantic Coastal Bays Critical Area and then to failing systems that the  
21 Department determines are a threat to public health or water quality, grants or loans for  
22 up to 100% of:

23                                   A. The costs attributable to upgrading an on-site sewage  
24 disposal system to the best available technology for the removal of nitrogen;

25                                   B. The cost difference between a conventional on-site sewage  
26 disposal system and a system that utilizes the best available technology for the removal of  
27 nitrogen;

28                                   [C. The cost of repairing or replacing a failing on-site sewage  
29 disposal system with a system that uses the best available technology for nitrogen  
30 removal;]

31                                   **C. ALL COSTS ASSOCIATED WITH THE INSTALLATION OF**

1 A NEW ON-SITE SEWAGE DISPOSAL SYSTEM THAT USES THE BEST AVAILABLE  
2 TECHNOLOGY FOR THE REMOVAL OF NITROGEN, OR THE REPAIR OR REPLACEMENT  
3 OF A FAILING ON-SITE SEWAGE DISPOSAL SYSTEM WITH A NEW SYSTEM THAT  
4 UTILIZES THE BEST AVAILABLE TECHNOLOGY FOR NITROGEN REMOVAL, INCLUDING  
5 ENGINEERING COSTS AND COSTS ASSOCIATED WITH THE INSTALLATION OR  
6 REPLACEMENT OF A DISPOSAL SYSTEM;

7 D. The cost, up to the sum of the costs authorized under item  
8 B of this item for each individual system, of replacing multiple on-site sewage disposal  
9 systems located in the same community with a new community sewerage system that is  
10 owned by a local government and that meets enhanced nutrient removal standards; or

11 E. The cost, up to the sum of the costs authorized under item  
12 C of this item for each individual system, of connecting a property using an on-site sewage  
13 disposal system to an existing municipal wastewater facility that is achieving enhanced  
14 nutrient removal or biological nutrient removal level treatment, including payment of the  
15 principal, but not interest, of debt issued by a local government for such connection costs;

16 9-1607.

17 (a) The Administration may, subject to the prior approval of the Board and the  
18 Secretary, issue bonds for the purpose of providing moneys for deposit to a fund.

#### 19 Article – Local Government

### 20 SUBTITLE 10. PUBLIC DEBT – GRANTS AND LOANS FOR SEPTIC UPGRADES.

#### 21 19-1001.

22 A COUNTY MAY BORROW MONEY AND INCUR INDEBTEDNESS THROUGH THE  
23 ISSUANCE AND SALE OF NOTES IN ANTICIPATION OF THE RECEIPT OF THE COUNTY'S  
24 ALLOCATION OF FUNDS FROM THE BAY RESTORATION FUND.

#### 25 19-1002.

26 A COUNTY MAY EXPEND THE NET PROCEEDS OF THE SALE OF AN ISSUE OF  
27 NOTES ONLY TO:

28 (1) MAKE GRANTS AND LOANS IN ACCORDANCE WITH §  
29 9-1605.2(H)(2)(I) OF THE ENVIRONMENT ARTICLE; OR

30 (2) REFUND ONE OR MORE ISSUES OF NOTES.

#### 31 19-1003.

**(A) THE PRINCIPAL OF THE NOTES MAY BE PAID FROM:**

**(1) THE COUNTY'S ALLOCATION OF FUNDS FROM THE BAY RESTORATION FUND; AND**

**(2) ANY OTHER REVENUES THAT ARE PLEDGED TO THE PAYMENT OF THE NOTES IN THE AUTHORIZING RESOLUTION.**

**(B) THE INTEREST ON THE NOTES MAY BE PAID FROM:**

**(1) ANY REVENUES, OTHER THAN THE COUNTY'S ALLOCATION OF FUNDS FROM THE BAY RESTORATION FUND, THAT ARE PLEDGED TO THE PAYMENT OF THE NOTES IN THE AUTHORIZING RESOLUTION; OR**

**(2) MONEY MADE AVAILABLE TO THE COUNTY TO FINANCE UPGRADES TO ON-SITE SEWAGE DISPOSAL SYSTEMS FROM:**

**(I) THE STATE OR A UNIT OF THE STATE, EXCEPT FOR THE FUNDS FROM THE BAY RESTORATION FUND ALLOCATED UNDER THIS SUBTITLE FOR GRANTS AND LOANS;**

**(II) THE FEDERAL GOVERNMENT OR A UNIT OF THE FEDERAL GOVERNMENT; OR**

**(III) ANY OTHER SOURCE.**

**(C) (1) A COUNTY MAY PLEDGE ITS FULL FAITH AND CREDIT AND TAXING POWER TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTES IN THE AUTHORIZING RESOLUTION.**

**(2) A COUNTY THAT MAKES A PLEDGE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL, IN EACH FISCAL YEAR THAT ANY OF THE NOTES ARE OUTSTANDING, IMPOSE AD VALOREM TAXES ON ALL ASSESSABLE PROPERTY IN THE COUNTY AT A RATE AND AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE NOTES MATURING IN THAT FISCAL YEAR.**

**(3) IF THE PROCEEDS FROM THE TAXES IMPOSED IN ANY FISCAL YEAR PROVE INADEQUATE FOR THE PAYMENT, THE COUNTY SHALL IMPOSE ADDITIONAL TAXES IN THE SUCCEEDING FISCAL YEAR TO MAKE UP THE DEFICIENCY.**

**19-1004.**

**THE AUTHORITY TO BORROW MONEY AND ISSUE NOTES GRANTED TO A**

1 COUNTY UNDER THIS SUBTITLE IS:

2 (1) SUPPLEMENTAL TO ANY OTHER POWER GRANTED TO A COUNTY BY  
3 ANY OTHER LAW; AND

4 (2) NOT IN DEROGATION OF ANY OTHER EXISTING POWER OF A  
5 COUNTY TO BORROW MONEY.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
7 1, 2020.