

Department of Legislative Services  
 Maryland General Assembly  
 2013 Session

FISCAL AND POLICY NOTE

House Bill 1126 (Delegate Frush)  
 Environmental Matters

Environment - Well Drilling - Notification to Municipalities

This bill requires the Maryland Department of the Environment (MDE), rather than a well driller, to notify a municipality of a well to be located in or within one mile of a municipal boundary. The bill also exempts from the notice requirement a well that will be drilled only for the purpose of monitoring groundwater.

Fiscal Summary

**State Effect:** Special fund expenditures increase by \$40,700 in FY 2014, which reflects the bill’s effective date, and by more than \$51,400 annually thereafter, for MDE to hire one administrative assistant to conduct the required notifications. Revenues are not affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	40,700	51,400	53,900	56,500	59,200
Net Effect	(\$40,700)	(\$51,400)	(\$53,900)	(\$56,500)	(\$59,200)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Local government operations and finances are not materially affected assuming MDE assumes responsibility for handling the bill’s notice requirement and does not delegate this responsibility to local approving authorities.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** Chapter 333 of 2012 (SB 994) requires, on application for a permit to drill a well, that a well driller notify a municipality if a well will be drilled within one mile from the municipal boundary.

**Background:** The goal of MDE's well construction regulatory program is to ensure that wells are constructed in a manner to protect groundwater quality and provide an adequate source of safe drinking water. While the majority of the State's population receives its water from public water systems, the use of groundwater for public water supplies is a common practice in Maryland. MDE delegates well drilling permitting activities to local approving authorities but provides oversight and assumes responsibility for updating well construction regulations when necessary. Roughly 10,000 well drilling permits are issued annually in Maryland on average; however, MDE advises that only about 3,500 applications were received in 2011.

**State Expenditures:** Special fund expenditures increase by \$40,659 in fiscal 2014, which accounts for the bill's October 1, 2013 effective date. This estimate reflects the cost of hiring one administrative assistant within MDE's Water Management Administration to conduct the required notifications. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The fiscal 2013 ending balance for the Maryland Clean Water Fund is projected to be more than \$600,000; thus, this analysis assumes that sufficient special funds are available to implement the bill. General fund expenditures increase to the extent that the Maryland Clean Water Fund cannot support the increase in costs resulting from the bill.

Position	1
Salary and Fringe Benefits	\$36,478
Equipment	3,750
Operating Expenses	<u>206</u>
<b>Total FY 2014 State Expenditures</b>	<b>\$40,659</b>

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MDE estimates that it needs to contract with a geographic information system vendor for a software license at a cost of potentially \$50,000 in fiscal 2014. The Department of Legislative Services advises that, based on the basic mapping requirements under the bill, it is more likely that the bill can be implemented with less sophisticated software that is either free or of minimal additional expense. To the extent that a more sophisticated system is indeed required, MDE may request additional funding for this software through the annual budget process.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment, Maryland Municipal League, Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2013  
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