

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1224 (Delegate Rosenberg)
 Environment and Transportation

Environment - Liquid Waste Hauler - Vehicle License and Inspection

This bill requires the Maryland Department of the Environment (MDE) to license vehicles used by “liquid waste haulers” in the State; the bill prohibits a person from engaging in business as a liquid waste hauler unless the vehicle used to haul the waste is licensed. MDE must adopt specified regulations, establish reasonable license and inspection fees that are set at a level to approximate MDE’s costs, and conduct annual inspections of licensed vehicles. MDE may delegate inspection authority to local health departments. The bill establishes criminal penalties for violations.

Fiscal Summary

State Effect: Special fund expenditures increase by \$52,800 in FY 2018 for MDE to implement the licensing program. Future year estimates are annualized and reflect ongoing costs. Special fund revenues from license fees increase by approximately \$68,000 annually beginning in FY 2018. Potential minimal increase in general fund revenues due to the bill’s penalty provisions.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	-	-	-	-	-
SF Revenue	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000
SF Expenditure	\$52,800	\$65,800	\$68,900	\$72,300	\$75,800
Net Effect	\$15,200	\$2,200	(\$900)	(\$4,300)	(\$7,800)

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

Local Effect: The bill is not anticipated to materially affect local government operations or finances, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A “liquid waste hauler” is a person engaged in the business of cleaning and emptying septic and holding tanks, seepage pits, privies, or any other on-site disposal system. “Liquid waste” includes septage and grease trap waste but does not include wastes generated from oil and gas exploration or production or controlled hazardous substances, as specified. “Septage” is the liquid and solid material pumped or removed from an on-site sewage disposal system when the system is cleaned or maintained, including material pumped or removed from a cesspool, chemical toilet, composting toilet, holding tank, privy, portable toilet, seepage pit, or septic tank.

An applicant for a vehicle license must submit an application to MDE and pay annual licensing and inspection fees. The application must include (1) specified identifying information for the applicant and the business; (2) the make, model, license number, and vehicle identification number of each vehicle used to haul liquid waste; (3) documentation of at least \$100,000 in property damage insurance and \$300,000 in general liability insurance; and (4) any other information required by MDE.

MDE may not issue a vehicle license unless the vehicle is inspected annually and approved by MDE.

MDE must set reasonable licensing and inspection fees; the fees must be set so as to produce funds to approximate the costs to license and inspect the vehicles. If MDE delegates inspection authority to a local health department, the local health department may set reasonable fees for the inspections to approximate the costs of vehicle inspection services.

MDE must adopt regulations to carry out the bill, including regulations that establish requirements for vehicles and equipment used to haul liquid waste.

A person convicted of violating the bill’s provisions is guilty of a misdemeanor and subject to a fine of up to \$1,000 for the first violation and up to \$2,000 for subsequent violations. Any fines collected under the bill must be paid into the general fund.

Current Law/Background: Septage and septage transportation are not specifically addressed in statute but are addressed through regulation. Under current regulations, “septage” is defined as the liquid and solid material pumped or removed from chemical toilets, septic tanks, seepage pits, cesspools, or holding tanks when the system is cleaned or maintained. The owner of a vehicle involved in the transportation of septage must (1) maintain the vehicle in a clean and sanitary condition and (2) print the name of the septage hauler legibly on both sides of the vehicle and the words “Sewage Only” on the rear of each vehicle. Each vehicle is subject to inspection by MDE or MDE’s designee.

A person convicted of violating regulations related to transportation of septage is guilty of a misdemeanor and subject to a fine of between \$50 and \$100 for each offense.

MDE advises that it delegates vehicle inspection authority under current regulations to local health departments. Vehicle inspection fees assessed by local health departments vary by county and, in fiscal 2017, ranged from \$0 in Carroll County to \$150 in Anne Arundel County.

MDE estimates that approximately 200 vehicles in the State are affected by the bill's licensing requirement.

State Fiscal Effect:

Maryland Department of the Environment's Costs to Administer the Licensing Program

Special fund expenditures increase by \$52,822 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one program administrator in MDE to license vehicles, collect license fees, and manage vehicle inspections that are delegated to local health departments. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenditures. The estimate does not include any costs to conduct inspections; it assumes that MDE delegates inspection authority to local health departments.

Position	1
Salary and Fringe Benefits	\$47,713
Operating Expenses	<u>5,109</u>
Total FY 2018 State Expenditures	\$52,822

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

License Fee Revenue to Offset Costs

As noted above, the bill requires MDE to set reasonable fees for the licensing of vehicles; the fees charged by MDE must be set so as to produce funds to approximate its costs. In order to carry a sufficient fund balance to cover program costs through fiscal 2022, and assuming 200 vehicles are licensed each year, MDE must set annual fees at approximately \$340 per vehicle. Thus, special fund revenues increase by \$68,000 annually beginning in fiscal 2018. This estimate assumes that all 200 vehicles are licensed in fiscal 2018.

Local Fiscal Effect: Although MDE plans to delegate inspection authority to local health departments, as authorized by the bill, local health departments already inspect vehicles involved in the transportation of septage, as noted above. Thus, it is assumed that local health departments are not significantly impacted by the bill. Even if local health department costs increase under the bill, the bill authorizes local health departments to establish an inspection fee to offset their costs. However, as noted above, many local health departments already impose an inspection fee for vehicles used in the transportation of septage; thus, it is unclear what impact the bill may have on local inspection fees, if any.

Small Business Effect: Liquid waste haulers incur additional costs to license their vehicles and meet any licensing requirements established by MDE through regulation. Based on MDE's estimate of program costs, as described above, small business liquid waste haulers likely incur license fees of at least \$340 per vehicle annually. To the extent that a small business has more than one affected vehicle, the cost to pay license fees and meet any licensing requirements established through regulation may have a potentially meaningful impact.

Additional Information

Prior Introductions: SB 348 of 2016 received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but was subsequently withdrawn. Its cross file, HB 189, received a hearing in the House Environment and Transportation Committee but was subsequently withdrawn.

Cross File: None.

Information Source(s): Maryland Department of the Environment; Department of Health and Mental Hygiene; Maryland Department of Transportation; Department of Legislative Services

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mm/lgc

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