

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 536 (Senator King)  
Education, Health, and Environmental Affairs

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**Montgomery County - Stormwater Charges - Organizations Offering  
Agricultural Exhibitions**

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This bill prohibits Montgomery County from imposing a charge (pursuant to a local system of charges for stormwater management) on an organization that offers agricultural exhibitions and is exempt from taxation under § 501(c)(3) of the Internal Revenue Code.

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**Fiscal Summary**

**State Effect:** None. The bill only affects Montgomery County.

**Local Effect:** Because Montgomery County does not currently collect stormwater charges from any qualifying tax-exempt organizations that offer agricultural exhibitions, the bill is not anticipated to have any immediate impact on Montgomery County revenues, as discussed below. Montgomery County expenditures are not affected.

**Small Business Effect:** Minimal or none.

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**Analysis**

**Current Law:** The General Assembly first enacted the Stormwater Management Act in 1982 and has amended it several times since. The statutory intent of the Stormwater Management Act is to reduce, as much as possible, the adverse effects of stormwater runoff. To achieve that goal, the Act requires each county and municipality to have an ordinance implementing a stormwater management program consistent with flood management plans and that meets certain minimum requirements. A key provision of the Act is the authorization for each county and municipality to adopt a “system of charges” to fund the implementation of stormwater management programs under § 4-204 of the Environment Article.

### *General Provisions Relating to a System of Charges*

Revenues generated by the system of charges may be used for:

- reviewing stormwater management plans;
- inspection and enforcement activities;
- watershed planning;
- planning, design, land acquisition, and construction of stormwater management systems and structures;
- retrofitting developed areas for pollution control;
- water quality monitoring and water quality programs;
- operation and maintenance of facilities; and
- program development of these activities.

A local governing body can choose to pay the costs of the program with local revenues or with the proceeds of a system of charges. A local government is not required to establish a dedicated stormwater management fund under these provisions. State and local governments are generally exempt from the stormwater charges established under § 4-204 of the Environment Article.

### *Provisions Specific to a System of Charges in Montgomery County*

Under § 4-204 of the Environment Article, there are specific provisions relating to a system of charges established by Montgomery County.

Among other things, Montgomery County may not impose a charge on a veterans' organization (that is exempt from taxation under § 501(c)(4) or (19) of the Internal Revenue Code) or a regularly organized volunteer fire department that is used for public purposes, unless the county determines that it is necessary to create a nondiscriminatory program for applying the fee to federal properties. If a veterans' organization or volunteer fire department is charged a fee under this authorization, the organization must be provided with the opportunity to apply for an alternate compliance plan in lieu of paying a fee.

Montgomery County also may not impose a charge on roads, not including parking areas, that are owned by a homeowners association that is exempt from taxation under § 501(c)(4) of the Internal Revenue Code if the roads qualify for a State or county roadway maintenance reimbursement fund.

In addition, Montgomery County can only impose a charge on the State (or a unit of State government) if the State/unit and the county agree to the collection of the charge that is based on the share of stormwater management services related to property of the State/unit

that is located within the county. Further, the State/unit may only be charged a fee by Montgomery County if the county agrees to appropriate into its own local watershed protection and restoration fund, on an annual basis, an amount of money that is based on the share of stormwater management services related to county property on an annual basis.

Finally, Montgomery County may establish a program to exempt from the system of charges a property whose owner demonstrates substantial financial hardship. The county may establish a separate hardship exemption or include a hardship exemption as part of a system of offsets to account for activities that reduce the quantity or improve the quality of stormwater discharged from the property.

**Local Revenues:** According to Montgomery County, there are two qualifying organizations in the county. The first organization is the Montgomery County Agricultural Fairgrounds, which is located in the City of Gaithersburg. The City of Gaithersburg, *not Montgomery County*, assesses and collects stormwater charges from the fairgrounds; accordingly, the bill's exemption as it relates to this organization has no effect on Montgomery County revenues. The second organization is Glen Echo Park, which is a federally owned property. While Montgomery County assesses stormwater charges to Glen Echo Park, the federal government does not pay the charge, so exempting this organization from the charge also has no effect on county revenues.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Montgomery County; Maryland Department of the Environment; Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2021  
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