

HOUSE BILL 24

M3

5lr1145

(PRE-FILED)

By: **Delegates Nawrocki and Szeliga**

Requested: October 8, 2024

Introduced and read first time: January 8, 2025

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Bay Restoration Fund – Authorized Uses – Connection to Existing Municipal**
3 **Wastewater Facility**

4 FOR the purpose of altering the authorized uses of a certain account of the Bay Restoration
5 Fund to include the cost of connecting certain property using an on-site sewage
6 disposal system to an existing municipal wastewater facility under certain
7 circumstances; and generally relating to authorized uses of the Bay Restoration
8 Fund.

9 BY repealing and reenacting, with amendments,
10 Article – Environment
11 Section 9–1605.2(h)
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2024 Supplement)

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

16 **Article – Environment**

17 9–1605.2.

18 (h) (1) With regard to the funds collected under subsection (b)(1)(i)1 of this
19 section from users of an on-site sewage disposal system or holding tank that receive a water
20 bill and subsection (b)(1)(i)2 and 3 of this section, beginning in fiscal year 2006, the
21 Comptroller shall:

22 (i) Establish a separate account within the Bay Restoration Fund;
23 and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) Disburse the funds as provided under paragraph (2) of this
2 subsection.

3 (2) The Comptroller shall:

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

5 1. Subject to paragraphs (3), (4), (5), [and] (6), **AND (7)** of
6 this subsection, with priority first given to failing systems and holding tanks located in the
7 Chesapeake and Atlantic Coastal Bays Critical Area and then to failing systems that the
8 Department determines are a threat to public health or water quality, grants or loans for
9 up to 100% of:

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

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

15 C. The cost of repairing or replacing a failing on-site sewage
16 disposal system with a system that uses the best available technology for nitrogen removal;

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

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

27 **F. SUBJECT TO PARAGRAPH (6) OF THIS SUBSECTION,**
28 **THE COST OF CONNECTING A PROPERTY IN A LOW-INCOME AREA, AS DEFINED BY**
29 **THE DEPARTMENT, THAT IS USING AN ON-SITE SEWAGE DISPOSAL SYSTEM TO AN**
30 **EXISTING MUNICIPAL WASTEWATER FACILITY, REGARDLESS OF THE LEVEL OF**
31 **NUTRIENT REMOVAL OR BIOLOGICAL NUTRIENT LEVEL TREATMENT, INCLUDING**
32 **PAYMENT OF THE PRINCIPAL, BUT NOT INTEREST, OF DEBT ISSUED BY A LOCAL**
33 **GOVERNMENT FOR SUCH CONNECTION COSTS;**

34 2. The reasonable costs of the Department, not to exceed 8%
35 of the funds deposited into the separate account, to:

1 A. Implement an education, outreach, and upgrade program
2 to advise owners of on-site sewage disposal systems and holding tanks on the proper
3 maintenance of the systems and tanks and the availability of grants and loans under item
4 1 of this item;

5 B. Review and approve the design and construction of on-site
6 sewage disposal system or holding tank upgrades;

7 C. Issue grants or loans as provided under item 1 of this item;
8 and

9 D. Provide technical support for owners of upgraded on-site
10 sewage disposal systems or holding tanks to operate and maintain the upgraded systems;

11 3. A portion of the reasonable costs of a local public entity
12 that has been delegated by the Department under § 1-301(b) of this article to administer
13 and enforce environmental laws, not to exceed 10% of the funds deposited into the separate
14 account, to implement regulations adopted by the Department for on-site sewage disposal
15 systems that utilize the best available technology for the removal of nitrogen;

16 4. Subject to paragraph [(7)] (8) of this subsection, financial
17 assistance to low-income homeowners, as defined by the Department, for up to 50% of the
18 cost of an operation and maintenance contract of up to 5 years for an on-site sewage
19 disposal system that utilizes nitrogen removal technology;

20 5. Subject to paragraph [(8)] (9) of this subsection, a local
21 jurisdiction to provide financial assistance to eligible homeowners for the reasonable cost
22 of pumping out an on-site sewage disposal system, at least once every 5 years, unless a
23 more frequent pump out schedule is recommended during an inspection, not to exceed 10%
24 of the funds allocated to the local jurisdiction; and

25 6. In fiscal years 2020 and 2021, financial assistance to a
26 local jurisdiction for the development of a septic stewardship plan that meets the
27 requirements under paragraph [(8)(iii)2] (9)(III)2 of this subsection; and

28 (ii) Transfer 40% of the funds to the Maryland Agriculture Water
29 Quality Cost Share Program in the Department of Agriculture in order to fund cover crop
30 activities.

31 (3) Funding for the costs identified in paragraph (2)(i)1 of this subsection
32 shall be provided in the following order of priority:

33 (i) For owners of all levels of income, the costs identified in
34 paragraph (2)(i)1A and B of this subsection; [and]

35 (ii) For low-income owners, as defined by the Department, the costs
36 identified in paragraph (2)(i)1C of this subsection:

1 1. First, for best available technologies for nitrogen removal;
2 and

3 2. Second, for other wastewater treatment systems; AND

4 **(III) FOR OWNERS WITH A HOUSEHOLD INCOME UP TO \$300,000**
5 **PER YEAR, THE COSTS IDENTIFIED IN PARAGRAPH (2)(I)1F OF THIS SUBSECTION.**

6 (4) Funding for the costs identified in paragraph (2)(i)1D of this subsection
7 may be provided if:

8 (i) The environmental impact of the on-site sewage disposal system
9 is documented by the local government and confirmed by the Department;

10 (ii) It can be demonstrated that:

11 1. The replacement of the on-site sewage disposal system
12 with a new community sewerage system is more cost effective for nitrogen removal than
13 upgrading each individual on-site sewage disposal system; or

14 2. The individual replacement of the on-site sewage disposal
15 system is not feasible; and

16 (iii) The new community sewerage system will only serve lots that
17 have received a certificate of occupancy, or equivalent certificate, on or before October 1,
18 2008.

19 (5) Funding for the costs identified in paragraph (2)(i)1E of this subsection
20 may be provided only if all of the following conditions are met:

21 (i) The environmental impact of the on-site sewage disposal system
22 is documented by the local government and confirmed by the Department;

23 (ii) It can be demonstrated that:

24 1. The replacement of the on-site sewage disposal system
25 with service to an existing municipal wastewater facility that is achieving, or has signed a
26 funding agreement with the Department and is under construction to achieve, enhanced
27 nutrient removal or biological nutrient removal level treatment is more cost-effective for
28 nitrogen removal than upgrading the individual on-site sewage disposal system; or

29 2. The individual replacement of the on-site sewage disposal
30 system is not feasible;

31 (iii) The project is consistent with the county's comprehensive plan
32 and water and sewer master plan;

1 (iv) 1. The on-site sewage disposal system was installed as of
 2 October 1, 2008, and the property the system serves is located in a priority funding area,
 3 in accordance with § 5-7B-02 of the State Finance and Procurement Article; or

4 2. The on-site sewage disposal system was installed as of
 5 October 1, 2008, the property the system serves is not located in a priority funding area,
 6 and the project meets the requirements under § 5-7B-06 of the State Finance and
 7 Procurement Article and is consistent with a public health area of concern:

8 A. Identified in the county water and sewer plan; or

9 B. Certified by a county environmental health director with
 10 concurrence by the Department and, if funding is approved, subsequently added to the
 11 county water and sewer plan within a time frame jointly agreed on by the Department and
 12 the county that takes into consideration the county's water and sewer plan update and
 13 amendment process; and

14 (v) The funding agreement for a project that meets the conditions for
 15 funding under subparagraph (iv)2 of this paragraph includes provisions to ensure:

16 1. Denial of access for any future connections that are not
 17 included in the project's proposed service area; and

18 2. That the project will not unduly impede access to funding
 19 for upgrading individual on-site sewage disposal systems in the county with best available
 20 technology for nitrogen removal.

21 (6) **FUNDING FOR THE COSTS IDENTIFIED IN PARAGRAPH (2)(I)1F OF**
 22 **THIS SUBSECTION MAY BE PROVIDED ONLY IF THE HOUSEHOLD SERVED BY THE**
 23 **ON-SITE SEWAGE DISPOSAL SYSTEM TO BE REPLACED:**

24 (I) **IS LOCATED IN A LOW-INCOME AREA, AS DETERMINED BY**
 25 **THE DEPARTMENT;**

26 (II) **HAS A HOUSEHOLD INCOME OF UP TO \$300,000 PER YEAR;**
 27 **AND**

28 (III) **IS LOCATED ADJACENT TO AN EXISTING SEWER MAIN.**

29 (7) The Comptroller, in consultation with the Administration, may
 30 establish any other accounts and subaccounts within the Bay Restoration Fund as
 31 necessary to:

32 (i) Effectuate the purposes of this subtitle;

1 (ii) Comply with the provisions of any bond resolution;

2 (iii) Meet the requirements of any federal or State law or of any grant
3 or award to the Bay Restoration Fund; and

4 (iv) Meet any rules or program directives established by the
5 Secretary or the Board.

6 **[(7)] (8)** The Department or a local government shall determine:

7 (i) Whether an applicant is eligible for financial assistance under
8 paragraph (2)(i)4 of this subsection; and

9 (ii) The amount of financial assistance to be provided for each
10 applicant based on the average cost of an operation and maintenance contract of up to 5
11 years provided by vendors, as defined in § 9–1108.1 of this title, in the applicant’s area.

12 **[(8)] (9)** (i) The amount of financial assistance under paragraph
13 (2)(i)5 of this subsection shall be based on homeowner income, with priority given to
14 low-income homeowners.

15 (ii) Financial assistance under paragraph (2)(i)5 of this subsection
16 may be provided through grants, rebates, or low- or no-interest loans.

17 (iii) Financial assistance under paragraph (2)(i)5 of this subsection
18 may be provided only if:

19 1. The homeowner verifies the pump out has occurred; and

20 2. The homeowner resides in a local jurisdiction that has
21 developed and implemented a septic stewardship plan that:

22 A. Has been adopted by the local governing body of the
23 jurisdiction, after consultation with the jurisdiction’s local health department;

24 B. States specific goals consistent with the nitrogen load
25 reduction identified in the local jurisdiction’s watershed implementation plan;

26 C. Specifies public education and outreach measures that
27 will be taken, including education and outreach on best management practices, legal
28 requirements, and existing support and financial assistance;

29 D. Provides technical guidance for the siting, design,
30 evaluation, and construction of an on-site sewage disposal system;

1 E. Requires an on-site sewage disposal system located on
2 residential property to be pumped out and inspected at least once every 5 years, unless a
3 more frequent pump out schedule is recommended during an inspection;

4 F. Requires an on-site sewage disposal system located on
5 commercial property to be pumped out and inspected at least once every 5 years, unless a
6 more frequent pump out schedule is recommended during an inspection;

7 G. Specifies certification and licensing procedures for a
8 person that pumps out and inspects on-site sewage disposal systems;

9 H. Specifies enforcement mechanisms, compliance
10 incentives, and penalties;

11 I. Outlines funding mechanisms to support the plan and
12 expand education, demonstration projects, and inspections;

13 J. Specifies requirements for record keeping; and

14 K. Establishes a process for periodically evaluating and
15 revising the plan.

16 **[(9)] (10)** On or before December 31 each year, the Department of the
17 Environment shall submit a report, in accordance with § 2-1257 of the State Government
18 Article, to the House Environmental Matters Committee and the Senate Education,
19 Energy, and the Environment Committee on:

20 (i) Each project funded under paragraph (5)(iv)2 of this subsection;
21 and

22 (ii) A summary of any impacts that the funding used for these
23 projects had on overall funding for upgrading individual on-site sewage disposal systems
24 with best available technology for nitrogen removal.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2025.