

**Bay Restoration Fee Frequently Asked Questions
Onsite Sewage Disposal Systems (Septic Systems/Holding Tanks)
Septic System Owners & County Governments**

1. What is the effective date for the Bay Restoration Fund (BRF) Fee for users of the Septic Systems or Holding Tanks?

The BRF Septic Fee of \$30 per year per user (each household or business) of a Septic System or Holding Tank is effective October 1, 2005 for customers that do not receive a water service bill. For users that receive a water bill, the fee of \$2.50 per month is effective January 1, 2005 and will be included with the water bill.

2. Who will collect the Bay Restoration Fee from users on private Well and Septic/Holding tanks?

The County Government in which the Septic System/Holding Tank is located is responsible for the collection of the BRF Septic Fee, unless the user receives a bill for water service.

3. What method and frequency will the County use for collection of the BRF Septic Fee?

The law requires the Bay Restoration Fund Advisory Committee, in consultation with the governing body of each County, to make recommendations on the best method of fee collection from Septic System/Holding Tank users that do not receive a water bill. The Advisory Committee has evaluated the following options for Counties to consider:

- a. **Option 1(Recommended):** The County, after 10/1/05, bills each “Septic” user a total of \$22.50 for the period 10/1/05 through 6/30/06 (Three calendar quarters). The BRF fee may be included with the “second semi-annual property tax bill” or through a “one-time special” billing. Thereafter, the BRF fee of \$30 per year per user is included with the property tax bill to cover each fiscal year (July through June).
- b. **Option 2:** The County, in July 2006, bills each Septic user a total of \$37.50 for the period 10/1/05 through 12/31/06 (Five calendar quarters). For the first billing, the BRF fee is included with the property tax bill in July 2006 to cover the last quarter of 2005 and the calendar year 2006. Thereafter, the BRF fee of \$30 per year per user is included with the property tax bill to cover each calendar year (January through December). **Issues:** Under this option, BRF fee billing goes to the “owner of record” as of say July, covering the BRF fee period January through December. This billing cycle causes BRF fee collection problems from users with ownership changes. For example, the owner of record having bought the property on say April 1, will be billed the full \$30 for January – December, but is actually liable for \$22.50 (April – December). This could result in BRF fee revenue loss. If a County chooses to use this option, they will need to establish a mechanism to ensure the BRF fee is collected (fees are not lost due to ownership period disputes) and the State Comptroller’s Office will require additional record keeping as evidence of fees collected.
- c. **Option 3 (Not Recommended):** The County, in July 2006, bills each Septic user a total of \$52.50 for the period 10/1/05 through 06/30/07 (Seven calendar quarters) as part of the very first BRF fee billing. Thereafter, the BRF fee of \$30 per year per user is included with the property tax bill to cover each fiscal year (July through June). **Issues:** This option has the same issue under option 2 and in addition involves a “sticker shock” with the first BRF fee billing of \$52.50, requiring explanation to users why the fee is not \$30.
- d. **Option 4:** The County establishes a “new” billing system independent from the property tax billing system, with a BRF fee billing cycle, either from Option 1 or Option 2 above. **Issues:** This option will be administratively the most expensive. Since up to 5% of the total BRF fee collection may be reimbursed for County BRF fee administrative expenses, the Counties may not be able to recover all of their expenses.

4. Can the County send out BRF Septic Fee bills prior to 10/1/05 (say with July 2005 property tax bill)?

No. Since the BRF Septic Fee is not effective until 10/1/05, no bills should be sent out prior to that date.

5. Can the fee be spread over two payments or more?

Yes. The frequency of BRF Septic Fee collection is up to the County and should be based on BRF billing option chosen.

6. Has the issue of billing users of wastewater treatment plants on an "EDU basis" and billing septic systems owners on a "per user basis" been addressed?

Yes. Any septic system with an average daily flow greater than 5,000 gallons per day is treated as a wastewater treatment plant (WWTP) because it operates under a MDE groundwater discharge permit, and its users are subject to the BRF (WWTP) fee. Septic systems generally treat smaller flows and will be subject to BRF septic fee of \$30 per year per user.

7. How should the users be billed when a property is not occupied for a complete year?

If a property has a septic tank and is billed property tax as an improved (not abandoned) property, the full BRF septic fee should be collected, irrespective of time period not occupied. For a new home/business on individual well and septic tank, the effective date for the BRF septic fee is the date (but no earlier than 10/1/05) the property is identified on the County property tax records.

8. How should the users be billed when a property has more than one owner during the billing period?

This will depend on the County's billing system. For example, if a County chooses Option 1 (see questions 3), the County will collect the BRF fee from the owner of record and the buyer shall pay the seller at "settlement" similar to the how property tax is treated. If county chooses Option 2 (see questions 3), they will have to develop a new system to handle such cases. The State Comptroller's Office expects the County to collect the full BRF fee.

9. How should the users be billed when a property has multiple users connected to a single septic system?

The BRF fee is \$30 per year per "user" of the Septic System or Holding Tank. Consistent with the legislative intent, the State is defining a User as "each household or business" connected to a Septic/Holding Tank.

10. Is there a guarantee of cost recovery of administrative costs by the County?

No. The State Comptroller's Office will reimburse up to 5% of fees deposited for reasonable incremental administrated costs associated with the BRF fee billing and collection. Any unrecovered administrative costs can be carried forward and recovered over subsequent quarters/years.

11. How should a County bill trailer parks or multi-user facilities that are not water/sewer billing authorities?

In most cases the trailer park owner will be identified as a single property tax account in County records. In such cases, the County will need to identify the number of households/businesses (i.e., users) on septic systems within a trailer park community to calculate the total fee and bill the owner for the trailer park the full amount. The trailer park owner may eventually collect the fee from the renters. In cases where the County property tax or other records identify individual accounts with users in septic systems within a trailer park, the County could directly bill each user the BRF Septic Fee.

12. How will multiple parcels on one tax record be handled?

The County will need to determine the number of septic system users for each tax record and base the BRF fee accordingly.

13. Can users be exempted from paying the BRF fee and who approves the exemptions?

Yes. The law allows, subject to approval by the Maryland Department of the Environment, the local billing authority may establish a program to exempt certain “residential” users that demonstrate substantial financial hardship. For “Guidance for billing authorities to establish programs for exempting certain residential users from paying the BRF fee because of substantial financial hardship” visit MDE website at www.mde.state.md.us

14. How are funds to be accounted for and paid to the State Comptrollers Office and when?

The law requires the County/billing authority establish a “segregated account” for the deposit of funds collected. For record keeping purposes, the accounting system should be set up to identify the BRF fee billed and collected. The BRF Fee is due to the State Comptroller on or before the 20th day of the month that follows the calendar quarter in which the Fee is collected. The State Comptroller’s Office will provide Counties the Maryland Bay Restoration Fee Report Form (BRF-1) with instructions. Note: When funds are deposited with the State Comptroller’s Office, the source of BRF Septic Fees will need to be identified on line-2 as fee from Users of Septic/Holding Tank Systems.

15. As a billing authority for the collection of the Bay Restoration Fee, do I deposit the Fee to the State Comptroller on an accrual or cash basis?

It’s the County’s choice. You may deposit the Fee to the State Comptroller on either an “Accrual” basis (based on anticipated payments) or on a “Cash” basis (based on actual payments received).

16. How should a County handle BRF fee non-payments, late payments, or partial payments from septic tank users?

The legislation allows the County to use all of its existing procedures and authority in order to enforce the collection of the Bay Restoration Fee. The legislation also allows the State Comptroller to adopt regulations necessary to administer, collect and enforce the Restoration Fee. Partial payments should be deposited to the State Comptroller’s Office on a pro-rata basis. Any penalties and late fees may be retained by the County.

For Additional Information
visit the
Maryland Department of the Environment
web site at: www.mde.state.md.us
or call
410-537-3567 (Maryland Department of the Environment)
410-260-7980 (State Comptroller’s Office)