

**BAY RESTORATION FUND
SUMMARY OF PROPOSED 2005 LEGISLATIONS**

LEGISLATION: Senate Bill 96
Environment – Bay Restoration Fee – Nonpublic Schools

COMMITTEE: Education, Health, and Environmental Affairs

DESCRIPTION: The bill would exempt nonpublic school from paying into the Bay Restoration Fund.

| PROS | CONS |
|--|--|
| Will relieve private schools, most of which are not for profit, from paying into the fund. | The proposed legislation would reduce the BRF revenue by ~\$655,000 per year and result in a loss of revenue bond issuance capacity of ~\$6 million. As a result, ENR upgrade of wastewater treatment plants could be delayed, and the goals and commitments under the 2000 Chesapeake Bay Agreement may not be achieved timely. |

LEGISLATION: House Bill 997
Environment - Bay Restoration Fund - Authorized Uses of Fund

COMMITTEE: Environmental Matters

DESCRIPTION: The proposed legislation would enable MDE to make loans and grants to connect OSDS to sewage treatment plants. Under existing code, the Department may make grants or loans for the costs “attributable” only to upgrading an OSDS.

| PROS | CONS |
|---|--|
| <p>MDE would have more flexibility in using the fund.</p> <p>In some cases connection to public sewer is more feasible than upgrading each OSDS.</p> <p>More nitrogen may be removed by connecting to an ENR facility than would be achieved by upgrading the OSDS.</p> | <p>Fee from OSDS is expected to generate only \$12.6M per year, 40% of which will be used for cover crop activities. Expanding the use of the fund for collection systems will further reduce OSDS upgrades share of this fund.</p> <p>Other fund sources are available to connect communities to public sewer (SWQH state grants, SRF Loan, CDBG Block grant, and USDA loan & grants)</p> <p>Some have expressed concern that this would encourage development in areas that cannot currently be developed.</p> |

LEGISLATION: House Bill 1003
Bay Restoration Fund - Failing Onsite Sewage Disposal Systems - Eligibility for Funds

COMMITTEE: Environmental Matters

DESCRIPTION: The proposed legislation would enable MDE to make loans and grants for the cost of repairing or replacing a failing OSDS. Under existing code, the Department may make grants or loans for the costs “attributable” to upgrading an OSDS to best available technology (BAT) for nitrogen removal or for the cost difference between a conventional OSDS and a BAT nitrogen removal OSDS.

| PROS | CONS |
|---|--|
| <p>MDE would have more flexibility in using the fund.</p> <p>Would address public health issues associated to failing OSDS.</p> | <p>Fee from OSDS is expected to generate only \$12.6M per year, 40% of which will be used for cover crop activities. Expanding the use of the fund to correct failing OSDS will further reduce OSDS upgrades share of this fund.</p> <p>Using the fund for this purpose may be perceived as a deviation from the original intent of the law.</p> <p>The law may not need to be changed to allow for this. MDE may be able to correct a failing OSDS issues, while providing BAT for nitrogen removal under this program.</p> |