

**THE BAY RESTORATION FUND
ADVISORY COMMITTEE**

Robert Warfield, Chairman

**Methods Evaluated and Recommended for Collecting the Bay Restoration Fund From
Users of Onsite Sewage Disposal Systems**

Report to the Senate Education, Health, and Environmental Affairs Committee
and the House Environmental Matters Committee

January 15, 2005

Introduction

The Bay Restoration Fund (BRF) was established by the Legislature and took Effect on July 1, 2004. As part of this Legislation, beginning October 1, 2005, each County is to collect a \$30 annual fee for each user of an onsite sewage disposal system (OSDS) not receiving a water or sewer bill. The total estimated program income from OSDS users is \$12.6 million per year. Sixty percent of these funds will be used for OSDS upgrades and the remaining 40 percent will be used for cover crops. There are 420,000 onsite systems in Maryland. With priority given to failing septic systems in Critical Areas, funds can be provided for upgrades of existing systems to best available technology for nitrogen removal or for the marginal cost of using best available technology instead of traditional technology.

To assist local and State agencies with implementing the BRF the Legislation created the BRF Advisory Committee. Among the Committee's charges is to make recommendations to each county for identifying and billing users of OSDS. Furthermore, the Committee's first deliverable is to Report to the Senate Education, Health, and Environmental Affairs Committee and the House Environmental Matters Committee on methods evaluated and recommended for collecting the bay restoration fund from users of onsite sewage disposal systems.

BRF Committee Actions

The Committee first convened on October 13, 2004. At this meeting the Committee decided to form a Subcommittee/Workgroup to focus on OSDS issues. Maryland Department of the Environment (MDE) would take the lead in coordinating the efforts of this OSDS Subcommittee. The OSDS Subcommittee would report back to the full Committee at the next full Committee meeting. Robert Warfield, Chairman of the full Committee sent a letter to the chief executive of each county, requesting input on how to identify users of OSDS and on the best method of collecting a fee from these users.

Identifying OSDS Users

The OSDS Subcommittee/Workgroup first met on October 20, 2004. Participating at this meeting were representatives from: Carroll County, Prince George's County, Cecil County, Montgomery County, Howard County, Harford County, Talbot County, Washington County, the Maryland Association of County Officials, the Maryland Municipal League, the State Department of Assessment and Taxation, Maryland Department of Planning, Maryland Department of Natural Resources and Maryland Department of the Environment. We have also received written response to Chairman Warfield's letter from Baltimore City and Caroline, Dorchester, Garret, Wicomico, Cecil, and St. Mary's Counties. The following four models for identifying and billing users of OSDS not receiving a water or sewer bill were developed by the Subcommittee:

1. Possible Washington County Model
 - i. Using Maryland Department of Assessment and Taxation (SDAT) data identify all generators of sewage, i.e. improved properties.
 - ii. All water and sewer billing authorities delegate billing to the County.

- iii. The County bills all improved properties once per year.
- iv. Estimate the number of billed EDUs with a public system and remit funds to the comptroller based on the percent of public versus private systems.
- v. Develop appeal and exemption process.

Washington County has abandoned this model, as they did not have the cooperation of all their water and sewer billing authorities. It was also unclear as to whether the legislation gives the County the authority for billing in lieu of water and sewer billing authorities.

2. Possible Anne Arundel County Model

- i. Using SDAT data identify all generators of sewage, i.e. improved properties
- ii. Collect billing address data from all billing authorities for all properties receiving water or sewer bills.
- iii. The County would bill the improved properties not receiving water or sewer bills.
- iv. Develop appeal and exemption process.

3. Maryland Department of Planning (MDP) Straw Man Model

- i. Using SDAT data identify all generators of sewage, i.e. improved properties.
- ii. Using MDP digitized sewer service area maps, create data layer of properties in the service areas.
- iii. Back-out properties in sewer service areas from the improved property layer to create layer of OSDS users.
- iv. The County would bill all OSDS users (this may only be 80 to 90 percent accurate).
- v. Develop appeal and exemption process.

4. Environmental Health Method

- i. It was suggested that some County Environmental Health Programs have already geo-coded all their OSDS.
- ii. This database would then be provided to the County for billing purposes.
- iii. Develop appeal and exemption process.

Subsequent contact with County Environmental Health Programs at the monthly meeting of Environmental Health Directors failed to identify any Counties having geo-coded all users of OSDS.

The subcommittee identified the following databases available to counties to assist with the collection of the BRF:

1. SDAT Real Property Database/Maryland Property View

- i. May be used to develop improved property or “user” data layer.
- ii. Fields are available to indicate public or private sewage, however these fields are not used.
- iii. SDAT and MDP have developed a procedure for Counties to identify improved properties using Maryland Property View (see Appendix I).

2. County Master Water and Sewer Plans
 - i. MDP has digitized all County Master Sewer plans.
 - ii. MDP data is excellent on a scale for planning purposes but may be only 80 to 90 percent accurate for identifying users of OSDS.
3. Water and Sewer Billing Authority Mailing Lists
 - i. Need to identify all water and sewer billing authorities.
 - ii. Where a County can collect databases from all billing authorities within the County a countywide database of public water or sewer users can be developed.
4. Environmental Health OSDS Databases
 - a. Partial OSDS databases may exist, however no comprehensive countywide databases have been identified.

Billing Issues

County representatives had many specific questions related to collecting the BRF fee from users of OSDS and holding tanks not receiving a water or sewer bill. The following sections summarize billing issues raised by the Counties:

Billing Period

Counties questioned whether they might bill in advance, bill in arrears, or prorate billing.

The law allows the governing body of each County, in consultation with the Bay Restoration Fund Advisory Committee, to determine the method and frequency of collection for fees from septic system/holding tank owners that do not receive a water bill. Billing may be in advance, arrears or prorated, however billing may not commence prior to October 1, 2005.

There were also questions as to how to bill users who occupied a property for only a portion of the year. Whether they should be prorated or subject to a full years fee remains to be addressed.

Billing Process

The exact process for billing will vary, somewhat, from County to County. SDAT can provide the Counties with the ability to bill with the property tax or a County can develop its own means of billing. The Committee will continue to work with individual Counties to develop the method most suitable for each County.

County Reimbursement

Concern was expressed that the legislation provided inadequate funding to Counties for implementing the program.

The Committee recognizes start-up costs may well exceed the reimbursement allowable to Counties. Counties should document all expenses related to implementing the program and may be reimbursed for start-up costs in subsequent years as the cost for sustaining the program should be less than the start-up costs. The Committee is to report to the Legislature on the reasonableness of the allowable reimbursement on or before December 31, 2006.

Assessing the BRF Fee

Counties were unsure how to assess the BRF fee where there are multiple units discharging to one OSDS.

Each user of an OSDS or holding tank is to be assessed a \$30 per year fee. Where there are multiple units, residents or businesses discharging to an OSDS, each is considered a user and assessed a \$30 per year fee. Each user is assessed a \$30 per year fee regardless of the volume of wastewater discharged. Any system with a State Groundwater Discharge Permit is billed as a wastewater treatment plant not an onsite sewage disposal system.

Conclusion

The first task necessary for each County is to identify all improved properties. This can be accomplished by using the existing Maryland Property View Data Base. Then the County must back out all those properties that receive a water or sewer bill. This can be accomplished by either backing out a data layer of the water and sewer service area or backing out a data layer created by combining all the water and sewer billing addresses from all the billing authorities in the County. The remaining properties will be assessed a \$30 per year fee that can be, if the County so chooses, included in the property tax bill. Where there are multiple users on one property such as stores, businesses or dwellings each user will be assessed a \$30 per year fee. The Committee recognizes that there are going to be users that are not identified in the first billing cycles and non-users of OSDS that are mistakenly billed as an OSDS user. The Committee will continue to work with each County to implement and improve this program.

The Committee would particularly like to thank staff at SDAT and MDP for their efforts to make implementing the BRF possible.