



Maryland Chamber of Commerce

Legislative Position

**SB 554
OPPOSE
Education,
Health &
Environmental
Affairs
Committee
02/24/09**

SB 554

Chesapeake Bay Nitrogen Reduction Act

Brief Summary of Bill:

SB 554 prohibits the installation of an on-site sewage disposal system unless the system utilizes nitrogen removal technology.

Maryland Chamber's Position:

The Maryland Chamber of Commerce supports the Bay Restoration Fund, and the proposed legislation is good from the perspective of requiring nitrogen removal and improving the quality of what is discharged from septic systems. However, the Chamber is concerned about the fiscal impact of the bill. The portion of the fund collected and set aside for septic system upgrades is roughly \$7,200,000 per year, and the average cost to upgrade a septic system to BAT for nitrogen removal cost in excess of \$10,000 per system and sometimes double that amount.

The bill states that the fund will be available for upgrading systems; however, the available funding would only allow 720 systems per year to be upgraded when thousands of new systems and replacement systems are installed annually.

The bill is unclear on exactly how much money will be reimbursed for each system, and there is a false expectation of funds for new systems that will now be required for all new installations or replacement systems. The fund already establishes priority areas for system upgrades and many properties that will now be developed statewide are not located in those priority areas. Furthermore, the fund is also expected to address the existing systems, and there are estimated to be over 420,000 systems already in the ground statewide.

Again, the intention of this legislation is understood; however, the fiscal implications could realistically bankrupt the fund.

For these reasons, the Maryland Chamber respectfully requests that the Committee give SB 554 an unfavorable report.

If questions please contact Allyson Black, ablack@mdchamber.org