

MEMORANDUM

February 19, 2015

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Amanda Mihill, Legislative Attorney *A. Mihill*

SUBJECT: **Worksession:** Bill 2-15, Stormwater Management – Water Quality Protection Charge – Credit and Financial Hardship Exemption Deadlines

Bill 2-15, Stormwater Management – Water Quality Protection Charge – Credit and Financial Hardship Exemption Deadlines, sponsored by the Council President at the request of the County Executive, was introduced on January 20. A public hearing was held on February 10, 2015, at which the only speaker was Lisa Feldt, representing the County Executive, who supports this Bill. See ©12.

Bill 2-15 would change the due date for submittal of both credit and financial hardship exemption applications to September 30.

This packet contains:	<u>Circle #</u>
Bill 2-15	1
Legislative Request Report	4
Memo from County Executive	5
Fiscal and Economic Impact statement	7
County Executive testimony	12

Bill No. 2-15
Concerning: Stormwater Management –
Water Quality Protection Charge
Revised: 1/16/2015 Draft No. 1
Introduced: January 20, 2015
Expires: July 20, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

- (1) change the due date for submittal of both credit and financial hardship exemption applications; and
- (2) generally amend County law regarding the Water Quality Protection Charge.

By amending

Montgomery County Code
Chapter 19, Erosion, Sediment Control and Storm Water Management
Section 19-35

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

LEGISLATIVE REQUEST REPORT

Bill 2-14

Stormwater Management – Water Quality Protection Charge – Credit and Financial Hardship Exemption Deadlines

DESCRIPTION: Bill 2-14 would change the deadlines for submittal of applications for credits against the Water Quality Protection Charge (Charge) and financial hardship exemptions from the Charge.

PROBLEM: Current law requires property owners to apply for a credit against or hardship exemption from the Charge before the County sends out the annual property tax bill which provides notice of the Charge for that particular tax levy year. The Department of Finance mails annual and semi-annual tax bills in July of each year and posts these bills on its website by July 1. The current deadline for a credit application is October 31 of the year before a property tax bill is mailed out. The deadline for a financial hardship exemption is April 1 of the year that a property tax bill is mailed out.

GOALS AND OBJECTIVES: To extend the application deadlines for a credit or financial hardship exemption until three months after the annual property tax bills are sent out to property owners.

COORDINATION: Department of Environmental Protection and Department of Finance

FISCAL IMPACT: See Fiscal Impact Statement

ECONOMIC IMPACT: See Economic Impact Statement

EXPERIENCE ELSEWHERE:

SOURCE OF INFORMATION: Kathleen Boucher, Chief Operating Officer, DEP, 240-777-7786 and Vicky Wan, Manager, Water Quality Protection Charge and Technology, DEP, 240-777-7722

APPLICATION WITHIN MUNICIPALITIES: Section 19-35, which this bill would amend, does not apply in the municipalities of Rockville, Gaithersburg, or Takoma Park.

PENALTIES: N/A

BILL



2014 DEC 10 AM 11:38

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

RECEIVED
MONTGOMERY COUNTY
COUNCIL

December 9, 2014

BD
CC
SOF
IL
MF
AM
JH
KL

TO: George Leventhal, President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Proposed Legislation Regarding Stormwater Management - Water Quality Protection Charge

I am transmitting for introduction at Council a bill that extends the application deadlines for credits and hardship exemptions under the Water Quality Protection Charge (Charge) program. I am also attaching a Legislative Request Report and Fiscal and Economic Impact Statements for the bill. Because these deadlines are also included in Executive Regulations governing the Charge program, I am also transmitting in a separate package the proposed regulations which make conforming changes consistent with this bill.

Under current law, a property owner may apply to the Department of Environmental Protection (DEP) to receive a credit against the Charge for treating stormwater runoff with a stormwater management facility that is not maintained by the County. This bill extends the deadline for applying for a credit from October 31 of the year before a property tax bill is mailed out to September 30 of the year that the property tax bill is mailed out. Under current law, the owner of residential property that is owner-occupied or a nonprofit organization that owns property subject to the Charge may apply to the Department of Finance (Finance) for a hardship exemption. This bill extends the deadline for applying for a hardship exemption from April 1 of the year before a property tax bill is mailed out to September 30 of the year that the property tax bill is mailed out.

The current credit and hardship exemption deadlines were established so that DEP and Finance could make decisions about credits and hardship exemptions prior to the applicable fiscal year in which reduced revenues would occur so that these reduced revenues could be accounted for in the development of DEP's annual budget. However, experience has shown that property owners often do not focus on credit and hardship exemption opportunities until after they receive their property tax bills. In addition, DEP now believes that it can develop



George Leventhal, President
December 9, 2014
Page 2

reasonable projections for reduced revenues from credits and hardship exemptions in a particular fiscal year even if applications are received later in the process.

Extending the application deadlines for both credits and hardship exemptions until September 30 of the year in which the property tax bill is mailed out gives property owners additional time to prepare these applications after receiving property tax bills. This change will make these application deadlines consistent with the current deadline for requesting an adjustment to the Charge based on consolidation of contiguous properties, property classification, impervious area calculation or inapplicability of the Charge to the property. The bill applies retroactively to applications that were submitted on or before September 30, 2014, for Tax Levy Year 2014.

If you have any questions about this bill, please contact Fariba Kassiri, DEP Acting Director at 240-777-7781.

Attachments (3)

c: Joseph Beach, Director, Finance Department
Marc Hansen, County Attorney
Jennifer Hughes, Director, Office of Management and Budget
Fariba Kassiri, Acting Director, Department of Environmental Protection
Bonnie Kirkland, Assistant Chief Administrative Officer



ROCKVILLE, MARYLAND

MEMORANDUM

October 16, 2014

TO: Craig Rice, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: FEIS for Bill XX-14, Stormwater Management, Water Quality Protection Charge

Please find attached the fiscal and economic impact statements for the above-referenced legislation.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Fariba Kassiri, Department of Environmental Protection
David Platt, Department of Finance
Alex Espinosa, Office of Management and Budget
Matt Schaeffer, Office of Management and Budget
Felicia Zhang, Office of Management and Budget

Fiscal Impact Statement
Council Bill XX-14, Stormwater Management – Water Quality Protection Charge

1. Legislative Summary.

This bill clarifies the eligibility criteria for a property owner to receive a Water Quality Protection Charge (WQPC) credit and changes the due date (to September 30) for submittal of both credit and financial hardship exemption applications.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The bill would result in the mailing of updated tax bills after initial mailings. The Department of Finance reports that only a small amount of unit costs for mailing, proportional to the amount of bills mailed, would result from the bill. In the next six years, the total costs of these mailings to ratepayers with approved credit applications will not exceed \$200, based on DEP's current experience administering the credit and hardship exemption programs.

In FY14, DEP received 110 credit applications and 24 hardship exemptions. Of these applications, all 110 credit application and 19 of 24 hardship exemptions were approved. The FY15 approved budget and the WQPC rate incorporate these estimates of credits and hardship reductions.

Revenue reduction estimates for the WQPC Credit and Hardship Exemption program are assumed in the current fiscal plan for the Water Quality Protection Fund (WQPF) and assume the following reductions in revenue:

The WQPC credit program:

FY15: \$437,000

FY16: \$656,000

FY17: \$680,000

FY18: \$720,000

FY19: \$923,000

FY20: \$963,000

The WQPC hardship program:

FY15: \$39,000

FY16: \$59,000

FY17: \$61,000

FY18: \$65,000

FY19: \$83,000

FY20: \$86,000

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Revenue reduction estimates related to the WQPC credit and hardship programs may fluctuate in future fiscal years depending on the number of ratepayers that apply for the credit and the amount of the WQPC. DEP has estimated the total fiscal impact of each program below:

The WQPC credit program:

FY15: \$437,000

FY16: \$656,000

FY17: \$680,000

FY18: \$720,000

FY19: \$923,000

FY20: \$963,000

These estimates are based on the current phase-in of the WQPC credit program, 10% annual increase in credit participation, and future WQPC increases assumed in the FY15-20 Fiscal Plan. Any revenue reduction due to credits is offset by adjustments to the WQPC in order to generate sufficient revenues to pay for required stormwater management expenditures.

The WQPC hardship program:

FY15: \$39,000

FY16: \$59,000

FY17: \$61,000

FY18: \$65,000

FY19: \$83,000

FY20: \$86,000

These estimates are based on the first year of actual program participation, adjusted with the current phase-in of the WQPC program, and future WQPC increases assumed in the FY15-20 Fiscal Plan. Any revenue reduction due to hardship applications is offset by adjustments to the WQPC in order to generate sufficient revenues to pay for required stormwater management expenditures.

4. An actuarial analysis through the entire amortization period for each regulation that would affect retiree pension or group insurance costs.

Not applicable.

5. Later actions that may affect future revenue and expenditures if the regulation authorizes future spending.

Not applicable.

6. An estimate of the staff time needed to implement the regulation.

The additional time is not expected to be significant and can be absorbed by existing WQPC staff.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

Not Applicable.

8. An estimate of costs when an additional appropriation is needed.

Additional appropriation is not needed.

9. A description of any variable that could affect revenue and cost estimates.

Revenue reduction estimates related to the WQPC credit and hardship programs may fluctuate in future fiscal years depending on the number of ratepayers that apply for the credit and the amount of the WQPC.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

See response for item 9.

11. If a regulation is likely to have no fiscal impact, why that is the case.

Not applicable.

12. Other fiscal impacts or comments.

Not applicable.

13. The following contributed to and concurred with this analysis:

Vicky Wan, Department of Environmental Protection
Steve Shofar, Department of Environmental Protection
Matt Schaeffer, Office of Management and Budget



Jennifer A. Hughes, Director
Office of Management and Budget

10/15/14
Date

**Economic Impact Statement
Bill #-14, Stormwater Management
Water Quality Protection Charge**

Background:

This legislation would:

- clarify the eligibility criteria for a property owner to receive a Water Quality Protection Charge credit such that the property must contain a stormwater management system that is not maintained by the County, and
- change the due date for submittal of both credit and financial hardship exemption applications. The current deadline for credit application is October 31 of the year *before* the property tax bill is mailed or posted on the Department of Finance's (Finance) website. The current deadline for a hardship exemption is April 1 of the year that a property tax bill is mailed or posted on the website. Bill #-14 extends the application deadlines for the credit and exemption until September 30 of the year in which the property tax bill is mailed or posted on the website.

1. The sources of information, assumptions, and methodologies used.

The source of information is the Department of Environmental Protection (DEP). There are no assumptions or methodologies used in the preparation of the economic impact statement.

2. A description of any variable that could affect the economic impact estimates.

Because Bill #-14 clarifies the criteria for obtaining a credit and extends the application deadlines for credits and hardship exemptions, there are no variables that affect the economic impact estimates.

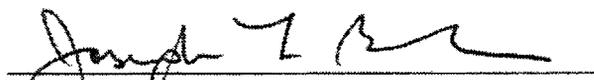
3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

Bill #-14 has no economic impact because of the reasons stated in #2.

4. If a Bill is likely to have no economic impact, why is that the case?

Bill #-14 has no economic impact.

5. The following contributed to or concurred with this analysis: David Platt and Rob Hagedoorn, Finance; Vicky Wan, Department of Environmental Protection.



Joseph F. Beach, Director
Department of Finance

10/20/14
Date

3

Testimony on Behalf of County Executive Isiah Leggett

Bill 2-15, Stormwater Management – Water Quality Protection Charge – Credit and Financial Hardship Exemption Deadlines

February 10, 2015

Good afternoon. My name is Lisa Feldt. I am the Director of the Department of Environmental Protection (DEP). Thank you for the opportunity to testify on behalf of County Executive Leggett regarding Bill 2-15, which would change the application deadlines for credits and financial hardship exemptions under the Water Quality Protection Charge (Charge) Program.

Under current law, a property owner may apply to DEP to receive a credit against the Charge for treating stormwater runoff with a stormwater management facility that is not maintained by the County. This bill extends the deadline for applying for a credit from October 31 of the year before a property tax bill is mailed out to September 30 of the year that the property tax bill is mailed out. Under current law, the owner of residential property that is owner-occupied or a nonprofit organization that owns property subject to the Charge may apply to the Department of Finance (Finance) for a hardship exemption. This bill extends the deadline for applying for a hardship exemption from April 1 of the year before a property tax bill is mailed out to September 30 of the year that the property tax bill is mailed out.

The current application deadlines were established so that DEP and Finance could make decisions about credits and hardship exemptions prior to the applicable fiscal year in which reduced revenues would occur so that the reductions could be accounted for in the development of DEP's annual budget. However, experience has shown that property owners often do not focus on these opportunities until after they receive their property tax bills. In addition, we now believe that we can develop reasonable projections for reduced revenues from these two programs for particular fiscal years even if applications are received later in the process.

To recap, extending the application deadlines for both credits and financial hardship exemptions until September 30 of the year in which the property tax bill is mailed out gives property owners additional time to prepare these applications after receiving property tax bills.

This change will also make these application deadlines consistent with the current deadline for requesting an adjustment to the Charge based on consolidation of contiguous properties, property classification, impervious area calculation or inapplicability of the Charge to the property. The bill applies retroactively to applications that were submitted on or before September 30, 2014, for Tax Levy Year 2014.

Thank you for the opportunity to testify in support of this bill on behalf of the County Executive. I look forward to working with Council as it moves forward in considering this bill.