

**Maryland Department of the Environment  
Fiscal Year 2026 Capital Budget  
Response to the Department of Legislative Services Analysis**

**House Appropriations Committee  
Capital Budget Subcommittee  
Delegate Mark S. Chang, Chair  
February 24, 2025**

**Senate Budget and Taxation Committee  
Capital Budget Subcommittee  
Senator Craig J. Zucker, Chair  
February 25, 2025**

**P. 9. MDE should comment on why the Anne Arundel County Thermal Processing Demonstration Facility was removed from the fiscal 2025 project list for federal IJJA emerging contaminants funding, why no funding requests were made for fiscal 2026 despite the PFAS mitigation plan requirements in Chapters 556 and 557, the overall need for emerging contaminants funding, and the overall plan for the use of the remaining IJJA emerging contaminants funding to be allocated in fiscal 2027, including whether MDE has a role in assisting local jurisdictions to apply for emerging contaminants funding.**

**Department Response:**

- MDE believes “removed from the fiscal 2025 project list” refers to this project not being included in Part II (Projects Proposed for FY2025) of its FY26 WQSRF budget request. Projects included in Part II are only those to which MDE reasonably believed funds would be encumbered in FY2025. While the Anne Arundel Thermal Processing Demonstration Facility is not among those projects (based on the project schedule provided by Anne Arundel County, project construction will commence in April 2027), MDE is continuing to work with the County to develop the project in accordance with funding requirements.
- No PFAS projects were included in the FY26 budget request because no eligible projects were submitted to MDE for funding consideration to support such a request. MD WWTPs have only just started to measure the extent of the problem related to biosolids applied to agricultural land, and the MDE data has not yet

been available. Consequently, wastewater treatment plants (WWTPs) are not in a position to request emerging contaminant funds to fix a problem that hasn't been diagnosed yet, hence, the Maryland Water Infrastructure Finance Administration (MWIFA) has not received any applications for PFAS remediation.

- MDE makes itself available year-round to all jurisdictions who request assistance with applying for funding and also promotes the technical assistance available through EPA's WaterTA program.

**P. 11. MDE should comment on whether the encumbrance of \$14.7 million in fiscal 2024 reflects a trend of higher encumbrance levels going forward. MDE should also comment on, in general, the project readiness to proceed for selected projects given the low encumbrance levels, whether there is any distinction between loan and subsidy recipients in terms of the associated level of timely encumbrance activity, and what technical assistance or process changes that MDE or other State agencies could effectuate to help local jurisdictions encumber funding in a timely manner.**

**Department Response:**

- MDE does expect a trend of higher encumbrance levels going forward.
- MDE refers to construction schedules available at the time the capital budgets are prepared to determine "readiness to proceed." However, delays do often occur, particularly with projects submitted in the early stages of development. MDE is considering options, including requiring that planning and design be completed prior to the project being submitted for funding consideration.

**P. 12. MDE should comment on the outcome of the statewide lead service line survey required by EPA by October 2024, the overall status of lead service line inventorying in Maryland, and the public health repercussions if Maryland is not able to take full advantage of the time-limited federal IJA funding for replacing lead service lines.**

**Department Response:**

- Based on the initial inventory of Maryland's 1.5 million service lines due to MDE by October 16, 2024:
  - ~1,000,000 service lines are known to be non-lead material

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- ~500,000 service lines have unknown materials, and water systems are working to characterize their material.
- ~3,000 service lines must be replaced, 100 of which are known to be lead material, and the remainder are galvanized materials that could potentially contain lead.
- Maryland has been awarded \$110.5 million from the BIL to fund projects to develop lead service line inventories and replace lead service lines and certain galvanized service lines (i.e., galvanized service lines potentially exposed to lead); an approximate \$59.8 million in additional funding is anticipated. 49% of this funding will be disbursed to disadvantaged communities as loan forgiveness.
- If a high number of the “unknown” service lines are found to be lead or galvanized then the funding could be insufficient. With the data available today it is difficult to determine whether the funding would be sufficient for the entire State. MDE will have more information about the “unknowns” in 2025 as additional inventory results are submitted from water systems. If the funding is insufficient, water systems will be responsible for significant expenses to replace the service lines.
- It is important to note that the presence of lead service lines does not mean that consumers are being exposed to lead. A protective mineral coating that forms on the interior of pipes means that lead can effectively be sequestered in the pipes. Lead contamination issues can develop, however, when a system’s water chemistry changes due to an event like a change of water source. Since exposure to lead has serious public health implications, particularly for young children, removal of Lead Service Lines is critical in reducing sources of potential lead exposure.

**P. 14. MDE should comment on the status of efforts to improve the timeliness and detail of Comptroller BRF revenue reporting.**

**Department Response:**

- MDE has not received quarterly reports from the Comptroller's Office for some time. The Comptroller's Office has moved to a new system that will improve reporting. MDE will continue to work with staff in the Comptroller’s Office. MDE does receive monthly remittances; we continue to receive revenue. MDE creates a report for the Bay Restoration Fund Advisory Committee using the

Comptroller's template. MDE currently does not receive data at the county level, and cannot track issues back to a "source."

**P. 18. MDE should comment on whether the \$100,000 in general funds programmed for the Tome School – Bainbridge Site Contamination Assessment project in Cecil County will be needed if SB477/HB 1184 passes with the provision to remove the Tome School as a component of the proposed Port of Deposit State Historical Park.**

**Department Response:**

- DNR indicated to MDE that they were unsure about the timing of the transfer of the Tome School property when MDE submitted the FY2026 Capital Budget request. Should SB 477/ SB 1184 pass, the transfer would not occur until a month before FY2027. As a result, MDE would not provide a Phase I or Phase II Environmental Site Assessment until the property transfer took place and would defer the Capital Budget request until the FY2027 budget. This transfer has been delayed multiple times over the last several years.