



BAY RESTORATION FUND *FEE FACTS*

January 2005 – December 2005

Comptroller of Maryland

This edition of Fee Facts offers information about the new Bay Restoration Fund. The Comptroller of Maryland will administer the billing and collection of fees for the Bay Restoration Fund. The Maryland Department of the Environment (MDE) will administer the Bay Restoration Fund.

BACKGROUND

In the 2004 legislative session, the Maryland State Government took a major step to protect our waterways through the enactment of the Bay Restoration Fund (Senate Bill-320). The purpose of the bill was to create a dedicated fund to improve the environment and water quality of the Chesapeake Bay. This fund will be used to upgrade wastewater treatment plants, upgrade septic systems in the critical area & implement cover crop on agricultural land through an environmental surcharge fee.

FEES

RESIDENTIAL HOME OWNERS

Water & Sewer Users

Starting January 1, 2005, a \$2.50 monthly surcharge will be collected on residential household water and sewer bills. For billing periods ending after January 1, 2005, if you receive a quarterly bill for one household, the fee will be \$7.50 (for three months), which cannot be prorated.

Private Wells & Septic Systems

Starting on October 1, 2005, Maryland county governments will be responsible for collecting a septic fee from owners of private wells and septic systems. The annual fee is \$30.

NON-RESIDENTIAL USERS

Non-Residential water/sewer customers will be charged the Bay Restoration Fee based on the number of equivalent dwelling units (EDUs). The legislation establishes the following fee schedule for non-residential customers:

For properties with or without meters, the Bay Restoration Fee is billed based on the customers' current billing schedule. The number of EDUs is determined by dividing the total average daily water consumption by 250 gallons (or if a system existed prior to January 1, 2004, and used 250 gallons/day or less as a measure for 1 EDU) and multiplying the result times \$2.50 per month.

The fee is calculated based on the EDU schedule below and billed based on the customers' billing schedule;

- First 3,000 EDU, the fee is calculated at \$2.50 per month per EDU
- Next 2,000 EDU, the fee is calculated at \$1.25 per month per EDU

- Maximum fee for 5,000 EDU or more: \$10,000/month for any single user.

The Maryland Department of the Environment (MDE) will administer and allocate the funds. For more information or if you have questions concerning how your fee is calculated, please call MDE at 1-800-633-6101 or visit its Web site at www.mde.state.md.us.

FINANCIAL HARDSHIP EXEMPTIONS

The law allows, subject to approval by the Maryland Department of the Environment (MDE), the billing authority to establish a program to exempt certain "residential" dwellings that demonstrate substantial financial hardship.

The billing authorities may consider the factors below (or other similar financial hardship factors) in developing a program for exempting residential users from paying the Bay Restoration Fee, where the applicant meets at least two of the following conditions:

- Receiving energy assistance subsidy;
- Receiving public assistance – supplemental Social Security income (SSI) or food stamps;
- Receiving Veterans or Social Security disability benefits;
- Meeting the income criteria below:

Household Size	(2004-2005)* Monthly Income is less than
1	\$1,194
2	\$1,561
3	\$1,959
4	\$2,356
5	\$2,754
6	\$3,151
Additional Persons	Add \$398 each

* Source: Maryland Department of Human Resources/Office of Home Energy Programs (www.dhr.state.md.us/meap/index.htm)

The individual exemption should not exceed one year without re-verification of eligibility. The proposed financial hardship exemption plan must be submitted to MDE for approval and should include the following information:

- Proposed financial hardship exemption criteria
- Application procedure and forms
- Required supporting documentations for eligibility determination
- Exemption time-period and process for re-verification of eligibility
- Estimated number of residential users that may qualify for the exemption

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The proposed financial hardship exemption plan should be submitted to:

Maryland Department of the Environment
1800 Washington Boulevard, STE 515
Baltimore, MD 21230-1718
Attn: Director, Maryland Water Quality Financing Administration

BILLING AUTHORITIES

Billing Authorities provide water, or sewage services to residential, multi-residential, and/or non-residential users. The Billing Authorities are all Maryland non-exempt local governmental entities, billing authorities and, drinking water and sewage wastewater treatment plant owners.

Effective October 1, 2005, county governments will be responsible for collecting a septic fee from owners of private wells and septic systems.

Due Dates

Billing authorities are required to file a Bay Restoration Fee Report (BRF-1) which is due on a quarterly basis. The report is due on the 20th day of the month following the calendar quarter in which Bay Restoration Fees were collected. Preprinted forms will be sent to the Billing Authorities during the first week of the month in which the report is due.

Claim for Reimbursement of Administrative Costs

The BRF Legislation permits local governmental entities and billing authorities for water or wastewater to claim a reimbursement of reasonable administrative costs not to exceed 5 percent of the Bay restoration fees collected. Reasonable administrative costs include only costs which are incremental and verifiable.

Reimbursement for overhead or other costs which would have been incurred in the absence of the Bay Restoration Fee will be disallowed.

The amount of reimbursable administrative costs not recovered will be a carry forward for the next quarter. The Comptroller will report the available carry forward amount on the preprinted BRF-1 form sent to billing authorities each quarter.

Mailing Instructions

Please complete and sign Bay Restoration Report (BRF-1), attach your check and mail payment with this report to:

Comptroller of Maryland
Revenue Administration
P.O. Box 1829
Annapolis, MD 21404-1829

FREQUENTLY ASKED QUESTIONS BY BILLING AUTHORITIES

What do I file?

Billing authorities are required to file a Bay Restoration Fee Report (BRF-1) which is due on a quarterly basis.

When do I file it?

The report is due on the 20th day of the month following the calendar quarter in which Bay Restoration Fees were collected.

Where do I get the Bay Restoration Fee Report form?

Preprinted forms will be sent to the Billing Authorities during the first week in the month which the report is due. The preprinted forms will indicate the amount of reimbursable administrative costs carried forward from the previous quarterly period.

Do I have to identify Bay Restoration Fees when I bill ?

Yes, when you bill the user you must identify the fee as "Bay Restoration Fee" along with the corresponding dollar amount.

Do I have to maintain a separate account for the Bay Restoration Fees?

Yes, The law requires the billing authorities to establish a "segregated account" for the funds collected for accounting purposes.

As a billing authority for the collection of Bay Restoration Fee, do I deposit the fee on either an "Accrual" or "Cash" basis?

It's your choice. You may pay the fee on either an "Accrual" (based on anticipated payments) or on a "Cash" (based on actual payments received) basis.

Where do I mail my payment?

Make your payment to the Comptroller of Maryland and mail to:

Comptroller of Maryland
P.O. Box 1829
Annapolis, Maryland 21404-1829

How do I get reimbursed for the costs of setting up the billing and collection system?

The reimbursable administrative costs are reported on the BRF-1 form. Any amount not recovered in that quarter will be a carry forward for the next quarter. The Comptroller will account for the carry forward amount and it will be stated on the preprinted BRF-1 form.

Billing Authorities can claim reasonable administrative costs not to exceed 5 percent of the Bay restoration fees collected. Reasonable administrative costs include only costs which are incremental and verifiable. Reimbursement for overhead or other costs which would have been incurred in the absence of the Bay Restoration Fee will be disallowed.

How can I amend?

To file an amended report, contact taxhelp@comp.state.md.us or call 410-260-7980 from Central Maryland or 1-800-MD-Taxes (1-800-638-2937) from elsewhere.

What if I lost my form?

Contact taxhelp@comp.state.md.us or call 410-260-7980 from Central Maryland or 1-800-MD TAXES (1-800-638-2937) from elsewhere.

FOR QUESTIONS ABOUT...

For more information about the Bay Restoration Fund, visit the Maryland Department of the Environment Web site at: www.mde.state.md.us.

For assistance or questions about filing a Bay Restoration Report or filing an amended report, contact taxhelp@comp.state.md.us or call 410-260-7980 from Central Maryland or 1-800-MD-Taxes (1-800-638-2937) from elsewhere.

For the hearing impaired: TTY users call via Maryland Relay at 711 in Maryland or 1-800-735-2258 from anywhere.

If you need reasonable accommodation for a disability or need this *Fee Facts* in an alternate format, contact us at 410-260-7980 (1-800-638-2937) from Central Maryland or 1-800-MD-Taxes from elsewhere.