

**STATE OF MARYLAND**  
**MARYLAND DEPARTMENT OF THE ENVIRONMENT**  
**Robert M. Summers, Ph. D, Acting Secretary**

**BILL NO:** SB 131

**COMMITTEE:** Education, Health, and Environmental Affairs

**POSITION:** Oppose

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**TITLE:** Environment–Water Quality Revolving Loan Fund–Loan Forgiveness

**BILL ANALYSIS:**

This bill repeals and reenacts with amendments Section 9-1605 (a) (1) (d) of the Environment Article. It adds January 1, 2010 as the date for application of the provisions of law that permit grants, negative interest loans, forgiveness of the principal, subsidized interest rates, and any other form of assistance made from the Maryland Water Quality Revolving Loan Fund (WQRLF). The grants, negative interest loans and forgiveness of principal from the WQRLF have been permitted by federal law in two instances to date:

1. Financing pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), and
2. Financing pursuant to the 2010 federal Appropriation Act [Pub. L. No. 111-88]

**POSITION AND RATIONALE:**

MDE does not support SB 131 since this bill is in conflict with federal law. The law as it exists allows for grants, negative interest loans and forgiveness of principal on loans made from this Fund pursuant to ARRA. ARRA financing was authorized by federal law and the grant or loan agreements were entered into in calendar year 2009, prior to the January 1, 2010 date in SB 131.

This bill is also inconsistent with the 2010 federal Appropriation Act that authorizes grants, negative interest loans and forgiveness of the principal on loans made from this Fund. Pursuant to the 2010 appropriation act, EPA awarded a capitalization grant award (CAP Grant) to the State for the WQRLF on September 29, 2010. Under this provision grants, negative interest loans and forgiveness of principal on loans from this Fund can be made on or after September 29, 2010, and not prior to this date as directed by SB 131. And the

grants, negative interest loans and forgiveness of principal on loans apply only to projects identified on the 2010 Intended Use Plan (financing plan).

Additionally, this bill is retroactive as it is effective on June 1, 2011, but applies to loans made on or after January 1, 2010, and it may have the effect of impairing contractual obligations already in place.

**FOR MORE INFORMATION,**  
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