

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1424 (Delegate Behler)
Environment and Transportation

Anne Arundel County - Community Sewerage Systems - Homeowners
Association Control

This bill authorizes a homeowners association (HOA) in Anne Arundel County to manage, operate, and maintain a shared facility or community sewerage system (CSS) as a controlling authority under specified circumstances. If an HOA acting as a controlling authority is (1) unable to fulfill the obligations of a controlling authority and (2) fails to comply with a corrective order from the Secretary of the Environment regarding operational deficiencies, then the Maryland Department of the Environment (MDE) must direct the Maryland Environmental Service (MES) to take charge and operate the shared facility or CSS, as specified. Any related costs incurred by MES must be charged to the HOA or the individual lot owners and paid, collected, and enforced as provided in specified provisions of existing statute. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Although there is no immediate impact on MES, to the extent that MES is directed to take charge and operate a shared facility or CSS, nonbudgeted expenditures increase to do so, and nonbudgeted revenues increase correspondingly as MES recoups its costs from the HOA or lot owners. Since it is assumed that the bill applies in a limited number of cases, MDE can likely review and approve requests for an HOA to act as a controlling authority with existing resources. However, the State is ultimately responsible for repaying costs incurred by MES if an HOA or the lot owners fail to pay; in such a case, general fund expenditures increase, potentially significantly.

Local Effect: The bill is not anticipated to materially affect local finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: An HOA in Anne Arundel County may manage, operate, and maintain a shared facility or CSS as a controlling authority if (1) the shared facility or CSS was in operation before January 1, 2026, and was in full operational compliance for at least six months before the HOA became the controlling authority; (2) the HOA charges a mandatory user assessment for sewer service and establishes a sufficient capital reserve fund to cover estimated replacement costs for the shared facility or CSS; and (3) Anne Arundel County, MDE, and the HOA approve the transfer of responsibility to the HOA as a controlling authority.

Current Law:

Definitions

“Community sewerage system” means a publicly or privately owned sewerage system that serves at least two lots.

“Shared facility” means a sewerage system that:

- serves more than one (1) lot and is owned in common by the users; (2) condominium unit and is owned in common by the users or by a condominium association; (3) user and is located on individual lots owned by the users; or (4) user on one lot and is owned in common by the users;
- is located wholly or partly on any of the common elements of a condominium; or
- serves a housing cooperative or other multiple ownership cooperative.

“Controlling authority” means a unit of government, a body public and corporate, or an intercounty agency authorized by the State, a county, or a municipality to provide for the management, operation, and maintenance of a CSS, shared facility, or multiuse sewerage system.

Controlling Authorities and the Management, Operation, and Maintenance of Shared Facilities and Community Sewerage Systems

A shared facility or CSS may be approved only if the system is managed, operated, and maintained by a controlling authority or its third-party contractor. Additionally, the discharge must be handled in one of the following three ways: (1) through discharge to surface waters under a discharge permit; (2) through land application under a nutrient management plan that assures 100% of the nitrogen and phosphorus in the applied effluent will be taken up by vegetation; or (3) through an on-site sewerage system.

These provisions may not be construed as requiring a local jurisdiction to (1) be a controlling authority or (2) authorize or allow the use of a shared facility or CSS within the local jurisdiction.

Maryland Environmental Service

MES is an instrumentality of the State and a self-supporting, not-for-profit public corporation that serves State, local, and federal agencies and the private sector through designing, planning, financing, constructing, operating, and monitoring projects for water and wastewater treatment, solid waste management, composting, recycling, dredged material management, hazardous materials cleanup, stormwater services, and renewable energy.

Section 3-109 of the Natural Resources Article establishes provisions regarding projects to be provided by MES at the direction of the Secretary of the Environment. Specifically, upon failure of a municipality or person to comply with an order of the Secretary to provide a sewerage system or refuse disposal works, abate pollution, correct deficiencies on the operation of sewerage systems or refuse disposal works, or extend or alter a sewerage system or refuse disposal works, MES, at the direction of the Secretary, must assume responsibility for those efforts. Costs incurred by MES to satisfy an order of the Secretary are charged to the municipality or person against whom the order was originally issued, as specified. Statute establishes a process for MES to recoup unpaid costs, including through a lien against the property served. In the event MES determines, at any time, that it will be unable to recoup all or a portion of its costs from the municipality or persons subject to the order, MES must provide to the Secretary a full accounting of all costs incurred or anticipated to be incurred, and the State must pay to MES the full amount of costs incurred by MES that are not paid or reasonably expected to be paid by the municipality or persons originally subject to the order.

County Water and Sewerage Plans

Each county (including Baltimore City) must have an individual or group (with adjoining counties) plan that is approved by MDE that has a 10-year forecasted water and sewerage plan to demonstrate how safe and adequate water and sewerage facilities will be provided to support planned redevelopment and new growth that is outlined in their comprehensive land use plans.

State Fiscal Effect: If the Secretary of the Environment directs MES to take charge of and operate a shared facility or CSS pursuant to the bill, nonbudgeted expenditures for MES increase. The increase in MES expenditures may be significant depending on the specific needs of a shared facility or CSS. Because MES is a fee-for-service entity, MES nonbudgeted revenues increase correspondingly as it recoups its costs.

Pursuant to the bill, costs incurred by MES are first charged to the HOA or the individual lot owners of the shared facility or CSS. However, if MES determines that it is unable to recoup all or a portion of its costs from the HOA or individual lot owners, the bill requires the State to pay MES the full amount of its costs that are not paid or reasonably expected to be paid by the HOA or lot owners (in accordance with § 3-109 of the Natural Resources Article). MDE notes that costs to replace a shared facility or CSS depend on the specific facility but could be millions of dollars.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 682 (Anne Arundel County Senators) - Education, Energy, and the Environment.

Information Source(s): Maryland Department of the Environment; Maryland Environmental Service; Anne Arundel County; Maryland Association of County Health Officers; Department of Legislative Services

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