

**BAY RESTORATION FUND (BRF)  
SEPTIC SYSTEM UPGRADE PROGRAM (SSUP)  
PROGRAM IMPLEMENTATION GUIDANCE FOR FY 2026  
(Annotated Code of MD §9-1605.2 & COMAR 26.03.13)  
FOR ON-SITE SEWAGE DISPOSAL SYSTEM (OSDS) UPGRADES USING BEST  
AVAILABLE TECHNOLOGY (BAT) FOR NITROGEN REMOVAL**

**I. Prioritization**

The “**grant recipients**” (local government, health department, others, who are awarded BRF SSUP funds by the Board of Public Works) should prioritize applications for financial assistance as follows:

- |  |   |
|--|---|
| 1. Failing OSDS in the Critical Areas        | 4. Non-conforming OSDS outside the Critical Areas |
| 2. Failing OSDS outside the Critical Areas   | 5. Other OSDS in Critical Areas/new construction  |
| 3. Non-Conforming OSDS in the Critical Areas | 6. Other OSDS outside Critical Areas/new const.   |

Note: BAT upgrade is **not required** on individual septic systems outside the Chesapeake Bay or Atlantic Coastal Bays Critical Areas under COMAR 26.04.02; the local jurisdiction may require a BAT to protect public health or water quality.

**II. Income Based Grant Eligibility**

Grant assistance should be based on the following Income Criteria:

	<u>% Eligibility Up To</u>
Homeowners (may include homes under a housing cooperative)	
1. Household income* less than or equal to \$300,000/year	100%
2. Household income* more than \$300,000/year	50%
Non-profit Entities	100%
Small Businesses	75%
For-profit Businesses	50%

\* For income, use federal tax return (line for Total income)

\*\* For questions about how to treat other types of ownership structures, such as Trusts, please contact MDE.

**III. Eligible Projects for SSUP Grant Funding**

Based on the above prioritization, the SSUP grant funding may be used for any **one** of the following eligible project options:

1. The cost attributable to upgrading an existing OSDS to BAT for nitrogen removal. Note: This section also applies to BAT upgrade of shared/large-flow OSDS, many of which will require a MDE groundwater discharge permit and will need to be designed, secure MDE sewerage construction permit, and bid to determine BRF grant eligible cost.
2. The cost differential\* between a conventional OSDS and one that utilizes BAT for Nitrogen Removal for new construction. \* For “cost differential” purposes on new construction, use a statewide average cost of \$1,200 as the cost of a traditional septic tank. **Maximum BRF grant = (BAT Cost x % eligibility) - \$1,200 (based on income in Section II)**
3. The cost, up to the sum of the cost of each “individual BAT system”, of replacing multiple OSDS located in the same community with a new community system that is owned by a local government and meets Enhanced Nutrient Removal Standards (MDE prior approval required).

4. The cost, up to the sum of the cost of each “individual OSDS system using BAT”, to connect properties to an existing municipal biological or enhanced nutrient removal wastewater treatment plant (*MDE prior approval required.*) Use the Tables below to see if a project meets the statutory requirements.

### **Connecting OSDS/Septic system to a Wastewater Treatment Plant**

**The sewer connection project can be funded with BRF Septic grant funds, only if all of the following conditions are met:**

1. Are BRF grant funds available to connect OSDS to sewers based on “prioritization” criteria (Item 1 above)? (For a community of several OSDS, at least 50% OSDS must fall within the qualifying priority criteria)
2. Is the proposed sewer connection to a BNR or ENR Wastewater Treatment Plant?
3. Is the Environmental Impact of the OSDS documented by the local government?
4. Is the sewer connection more cost-effective than the cost of repairing/replacing the OSDS with BAT? (e.g., cost is less than \$25K per sewer connection) OR Is the Individual replacement of the OSDS not feasible? (Environmental Health Director certifies individual replacement on more than 50% of existing OSDS is not feasible or County does not allow replacements due sewer availability)
5. Is the proposed sewer connection consistent with the County Comprehensive Plan and Water/Sewer Plan?
6. Did the OSDS/Septic system being connected to the WWTP exist as of 10/1/2008?
7. Is the OSDS/Septic system being connected to the WWTP located in the State Priority Funding Area?

**In addition to above, for an OSDS system located outside the State Priority Funding Area:**

- a. The OSDS proposed for sewer connections must be specifically identified in the County W/S plan as an area of “public health concern” or the County environmental health director must “certify” this as an area of public health concern with the intent to incorporate this in the W/S plan at a later date.
- b. MDE will require additional information (such as public health issues; potential future in-fill development; mitigation measures proposed to limit growth; net nitrogen reduction after accounting for maximum future in-fill development) to determine if a PFA exception is warranted and provide an opportunity for public comments.

If a PFA exception is approved by the “smart growth coordinating committee”, the sewer connection project can be funded with BRF Septic grant funds. Special grant conditions regarding denied access to sewer main, limits on maximum new in-fill development etc. will apply.

**100% grant: eligible costs up to a maximum of \$25,000, whichever is lower.**

**75% grant: eligible costs up to a maximum of \$18,750, whichever is lower.**

**50% grant: eligible costs up to a maximum of \$12,500, whichever is lower.**

**To help calculate the maximum eligible BRF grant amount, you may use the attached Excel spreadsheet (Attachment-1)**

5. If BRF funds are available after allocating funds for “BAT” upgrades under Section III - 1 & 2, to all applicants (irrespective of income), the grant funds may also be provided for the repair or replacement of non-BAT components (e.g., drainfields) for a “low income” household applicant with a “failing” OSDS (this option is not available to businesses or non-profit entities). At least three bids are required for the non-BAT components and one bid can be from the vendor providing the BAT system. The current low-income (DHR energy assistance program) eligibility criteria\* is:

**Income Eligibility Limits**  
Effective July 1, 2025 to June 30, 2026

Household Size	Maximum Gross Monthly Income Standards	Maximum Gross Yearly Income Standards
1	\$2,608	\$31,296
2	\$3,525	\$42,300
3	\$4,441	\$53,292
4	\$5,358	\$64,296
5	\$6,275	\$75,300
6	\$7,191	\$86,292
7	\$8,108	\$97,296
8	\$9,025	\$108,300
Each Additional Person, Add	\$905	\$10,859

\* See web link for updates: <http://dhr.maryland.gov/office-of-home-energy-programs/how-do-you-apply/>

Grant allowable BAT Cost: Includes the capital cost of BAT plus the cost of **2-years** of operations and maintenance (O&M), performed by a certified service provider at a minimum of once per year or the minimum frequency recommended by the manufacturer **(This O&M funding is not applicable to BRF grant funded projects under categories “3” and “4” above.)**

#### **IV. MDE Approved BAT for Nitrogen Removal**

1. Ranking of BAT Systems: Consistent with HB 347 (2011 Session), effective June 1, 2011, and every 2-years thereafter, MDE is required to provide on its website an Evaluation and Ranking of all best available nitrogen removal technologies for on-site sewage disposal systems. The evaluation will include for each BAT technology:
  - Total Nitrogen Reduction
  - Total cost including Operation, Maintenance and Electricity
  - Cost per pound of Nitrogen Reduction

**You MUST provide a copy of the MDE evaluation/ranking (see link below) to all BAT grant applicants (i.e., homeowners, businesses), so that they can make an informed decision in selecting a BAT system. A homeowner may select any of the field-verified BAT systems for BRF grant purposes.**

<https://mde.maryland.gov/programs/water/BayRestorationFund/OnsiteDisposalSystems/Documents/BAT%20Ranking%20Document.pdf>

2. Lowest Cost per Pound of Nitrogen Removal BAT: To simplify the procurement process MDE undertook an Invitation for Bids in 2021, from the field-verified BAT technology vendors.

**SEE ATTACHMENT-2 FOR BAT UNIT PRICES BASED ON 2021 IFB.**

**NOTE: UNIT PRICES FOR GRANT REIMBURSEMENT INCLUDE “BAT INSTALLATION COST PLUS ONE-YEAR OF MAINTENANCE” AND DO NOT INCLUDE THE COST OF LOCAL HEALTH DEPARTMENT PERMITS. THE PAYMENT FOR SECOND-YEAR MAINTENANCE WILL BE MADE TO THE VENDORS BY MDE, AFTER SATISFACTORY COMPLETION OF FIRST-YEAR ANNUAL MAINTENANCE.**

**The Grant Recipient/Local Health will be responsible for monitoring the two-year post-construction annual maintenance using BATMN.**

---

**For Class IV System BRF grant funding eligibility, please contact MDE.**

**V. Grant Recipient BAT Selection, Procurement, and Price**

Use the State approved BAT Unit Price in Section IV-(2) above. The grant recipient enters into a contract with the vendor for the installation of the selected BAT by the homeowner or business for the grant eligible fixed unit price. No further local procurement action is needed.

In cases where the BRF grant is funding holding tanks to replace failing septic systems, low-income drainfields (or sewer connection to BNR/ENR WWTP) at least three bids/price proposals should be sought from installers and the grant eligibility will be limited to the lowest price (or maximum \$25K/home for sewer connections). This supporting documentation should be included with the payment request to MDE.

In cases where a “composite” tank in lieu of a concrete tank or a “larger” tank is necessary, the recipient may negotiate a reasonable cost change order with the selected BAT vendor. This supporting documentation, along with the justification, should be included with the payment request to MDE.

Note 1: BRF grant payment should be made directly to the BAT vendor/installer and not to the homeowner/business/applicant.

Note 2: For BAT upgrades, the BRF grant funds can only be used towards a field-verified BAT technologies approved by MDE.

Note 3: HB 90 (2016 Legislative Session): Effective October 1, 2016, a low-income household (same criteria as page 3) is eligible for 50% grant to cover the annual O&M cost, beyond the initial O&M period as provided for at time of BAT installation. You may approve these O&M grants under the guidelines below, and MDE will award you additional funds during FY 2026, if needed.

- Verify the homeowner is eligible as a low-income household.
- Verify the initial BAT/O&M grant period has expired or will expire in FY 2026.

- Review the new O&M contract for amount and term being offered by the vendor to the homeowner. Note, the contract can be for a term of up to than 5 years.
- Allocate 50% of O&M cost as grant for payment to vendor from your existing FY grant award. Please use the current IFB state bid tab as a reference for the price. A reasonable increase above the IFB O&M price (up to 25%) is allowed. Please contact the Department to discuss any increases over 25%.
- Advise the homeowner and vendor of grant eligibility.
- After proof of payment by the homeowner to vendor for their 50% share, make the 50% grant payment to vendor.
- Homeowner must selected one of the certified O&M providers, which can be found at the following link:  
[https://mde.maryland.gov/programs/water/BayRestorationFund/OnsiteDisposalSystems/Documents/Service\\_Provider\\_Companies.pdf](https://mde.maryland.gov/programs/water/BayRestorationFund/OnsiteDisposalSystems/Documents/Service_Provider_Companies.pdf)

**More information can be found here:**

[Maryland's Nitrogen-Reducing Septic Upgrade Program](#)

**Contact MDE if you have questions.**

**Related Documents:**

Attachment-1 (Excel Spreadsheet for Sewer Connection Grant Calculation)

Attachment-2 (State BAT Bid Tabulation)

Updated 7-9-2025