

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 392

(Senator Shank, *et al.*)

Budget and Taxation

Environmental Matters

**Washington County - Water and Sewer Debt Reduction Fund - Conococheague
Industrial Pretreatment Facility**

This bill repeals specified provisions of law relating to the Washington County Water and Sewer Debt Reduction Fund. The bill requires the Washington County Commissioners to ensure debt service for the Conococheague Industrial Pretreatment Facility from the county's general fund and revenues generated by the pretreatment facility. The county commissioners are prohibited from using the debt service costs for the Conococheague Industrial Pretreatment Facility as a factor in the establishment or adjustment of water and sewer rates.

Fiscal Summary

State Effect: None.

Local Effect: Washington County general fund expenditures will decrease by approximately \$2.8 million annually beginning in FY 2012. County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 199 of 2000 established the Washington County Water and Sewer Debt Reduction Fund. The county commissioners are required to provide an annual appropriation of \$500,000 to the fund in addition to any other appropriation for county water, sewer, and pretreatment facilities. The appropriation may not reduce or replace any existing subsidy for the facilities. The amount of any future reduction from

the fiscal 2000 subsidy for the facilities must be appropriated to the fund. Additionally, all profits from the Conococheague Industrial Pretreatment Facility must be deposited in the county's water and sewer debt reduction fund.

Background: The Washington County Water and Sewer Debt Reduction Fund was established to pay down the debt on the county's water and sewer system. When the fund was established in fiscal 2001, the outstanding debt was \$52.3 million. The projected debt at the end of fiscal 2011 is \$25.1 million.

Local Fiscal Effect: As noted, Washington County is required to appropriate \$500,000 to the Washington County Water and Sewer Debt Reduction Fund. In addition, the county is required to appropriate an additional subsidy for county water, sewer, and pretreatment facilities, based on the fiscal 2000 appropriation. The county's fiscal 2012 budget includes a \$500,000 appropriation for the fund and an additional \$2,620,000 for water, sewer, and pretreatment facilities. The county advises that under the bill it would be able to reduce these expenditures by \$2,770,000 beginning in fiscal 2012. The county indicates that it would continue providing a subsidy of \$350,000 to the Conococheague Industrial Pretreatment Facility and that current projections call for this subsidy through fiscal 2016.

Additional Information

Prior Introductions: None.

Cross File: HB 406 (Washington County Delegation) - Environmental Matters.

Information Source(s): Washington County, Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2011
ncs/hlb Revised - Enrolled Bill - May 2, 2011

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