

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 678

(Delegates Otto and McDermott)

Environmental Matters

Education, Health, and Environmental Affairs

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**Somerset County - Water and Sewer Service - Late Fees**

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This bill authorizes the Somerset County Sanitary District to charge an owner of a parcel serviced by or connected to a project that the district operates a late fee for any unpaid usage charge based on the use of the project by the parcel owner. The Somerset County Sanitary Commission may require the payment of any late fees in addition to the currently authorized reconnection charge before water service is reconnected. A charge in default accrues interest from the date of default at a rate set by the Sanitary Commission.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Somerset County Sanitary District revenues increase minimally due to the collection of late fees. Expenditures are not materially affected.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** A sanitary commission may impose on the owners of parcels serviced by a water system project a minimum charge and a usage charge that is based on the use of the project. If a water bill is unpaid for 30 days after being sent, after written notice is left on the premises or mailed to the last known address of the owner, the sanitary commission may disconnect water service to the property and require payment of the water bill plus a reconnection charge that is related to the cost of reconnection and established by ordinance of the relevant local government. If a bill for a minimum,

usage, or reconnection charge is in default for 60 days, the charge is in default and becomes a lien on the property.

All funds received from charges must be used to operate, maintain, and repair the applicable sanitary district project; maintain proper depreciation allowances; pay operation expenses of the sanitary district; repay advances made by member counties of the district; and pay the principal and interest on bonds related to sanitary district projects.

Exempt from these provisions relating to the establishment and governance of sanitary districts are Anne Arundel, Carroll, Harford, Montgomery, Prince George's, St. Mary's, and Wicomico counties.

**Local Revenues:** The Somerset County Sanitary District advises that it will likely charge a late fee of 1%, similar to other late fees it currently charges. The Sanitary District estimates that revenues may therefore increase by roughly \$3,000 on an annual basis, based on delinquent accounts as of June 30, 2010. The estimate does not account for the accrual of interest on charges in default as authorized under the bill; however, any additional revenue from such accrued interest is not likely to materially change the estimate.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 826 (Senator Mathias) - Education, Health, and Environmental Affairs.

**Information Source(s):** Carroll, Harford, Montgomery, Queen Anne's, Somerset, and St. Mary's counties; Maryland Department of the Environment, Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2011  
mc/lgc Revised - House Third Reader - April 9, 2011

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