

# HOUSE BILL 896

L5

(2lr0699)

## ENROLLED BILL

— *Environmental Matters/Education, Health, and Environmental Affairs* —

Introduced by **Prince George’s County Delegation and Montgomery County Delegation**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o’clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **The Washington Suburban Sanitary ~~Commission~~ District Transparency and**  
3 **Rate Relief Act of 2012**

4 **PG/MC 107–12**

5 FOR the purpose of ~~altering the terms of Washington Suburban Sanitary District~~  
6 ~~bonds and refunding bonds that may be issued by the Washington Suburban~~  
7 ~~Sanitary Commission to decrease the number of years that a bond may mature~~  
8 ~~from the date of issuance; requiring the Commission to reduce a certain sum~~  
9 ~~owed for the extinguishment or redemption of a front foot benefit charge by a~~  
10 ~~certain amount under certain circumstances; requiring, beginning on a certain~~  
11 date, certain information regarding the number of payments of a front foot  
12 benefit charge to be printed on property tax bills in Prince George’s County;  
13 ~~prohibiting the Commission from assessing a benefit charge against certain real~~

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



~~property for longer than a certain number of years under certain circumstances; prohibiting the Commission from recalculating or increasing any benefit charge assessed against property because of a reduction of the revenues collected by the Commission as a result of this Act; prohibiting the Commission from assessing a benefit charge for longer than a certain number of years against any new residential real property constructed in Prince George's County or Montgomery County on or after a certain date; requiring the Commission to use money in a certain bond fund to offset any reduction in revenues collected by the Commission as a result of this Act; providing that a property owner against whose property a benefit charge has been assessed by the Commission for a certain number of immediately preceding years shall be deemed as having paid the benefit charges in full; prohibiting the Commission from assessing a front foot benefit charge against certain property during a certain fiscal year; prohibiting the Commission from raising a certain service rate for water or sewer usage by more than a certain amount in a certain fiscal year; establishing a Task Force to Study the Effect of Changes to Rates and Charges of in the Washington Suburban Sanitary Commission District; establishing the membership and staffing of the Task Force; providing for the election of the chair of the Task Force; providing that the members of the Task Force may not receive certain compensation but are entitled to certain reimbursement; requiring the Washington Suburban Sanitary Commission to provide certain records and documents to the Task Force; specifying the duties of the Task Force; requiring the Task Force to report certain findings and recommendations to the Governor and the Montgomery County and Prince George's County delegations to the General Assembly on or before a certain date; providing for the termination of a certain provision of this Act; and generally relating to water and sewer usage service rates of and bonds issued and benefit charges assessed and collected by in the Washington Suburban Sanitary Commission District.~~

BY repealing and reenacting, with amendments,  
 Article – Public Utilities  
 Section ~~22-102, 22-114, 25-211, and 25-214~~  
 Annotated Code of Maryland  
 (2010 Replacement Volume and 2011 Supplement)

~~BY adding to~~  
~~Article – Public Utilities~~  
~~Section 25-215~~  
~~Annotated Code of Maryland~~  
~~(2010 Replacement Volume and 2011 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### Article – Public Utilities

1 ~~22-102.~~

2 ~~(a) The Commission may issue bonds of the sanitary district in amounts~~  
3 ~~necessary to carry on its work, including for:~~

4 ~~(1) acquisition, design, construction, reconstruction, establishment,~~  
5 ~~extension, enlargement, or condemnation of the water and sewer systems in the~~  
6 ~~sanitary district or in an area where extension of the systems may be authorized by~~  
7 ~~law;~~

8 ~~(2) acquisition of land or equipment for, or construction, remodeling,~~  
9 ~~enlargement, or replacement of any office or operating building necessary to~~  
10 ~~administer or operate the systems; or~~

11 ~~(3) design and construction of trunk sewers and sewers or portions of~~  
12 ~~sewer lines required to relieve septic tank failures and for which no front foot benefit~~  
13 ~~charges can be collected as determined by the Commission, and sewage pumping~~  
14 ~~stations and sewage disposal facilities, including reimbursement to the District of~~  
15 ~~Columbia or other federal authorities for any construction within the District of~~  
16 ~~Columbia.~~

17 ~~(b) (1) The Commission may issue bonds of the sanitary district for the~~  
18 ~~acquisition of capital equipment in amounts necessary to carry on its work, including:~~

19 ~~(i) computer equipment;~~

20 ~~(ii) laboratory equipment;~~

21 ~~(iii) maintenance field and yard equipment;~~

22 ~~(iv) office equipment;~~

23 ~~(v) telecommunication equipment; and~~

24 ~~(vi) trucks and fleet vehicles.~~

25 ~~(2) The bonds may be issued only to finance the acquisition of~~  
26 ~~equipment:~~

27 ~~(i) with a useful life of 4 to 7 years;~~

28 ~~(ii) that the Commission expects to finance over a period of 4~~  
29 ~~years or less; and~~

30 ~~(iii) for which the Commission budgets accordingly.~~

1           ~~(3) The principal of the bonds issued under this subsection shall be~~  
2 ~~payable annually beginning not more than 1 year after the date of issue.~~

3           ~~(4) The bonds issued under this subsection shall mature not more~~  
4 ~~than 4 years after the date of issue.~~

5           ~~(5) The aggregate amount of bonds issued under this subsection~~  
6 ~~outstanding at any time may not exceed \$15,000,000, subject to annual upward~~  
7 ~~adjustment in accordance with the Consumer Price Index — All Urban Consumers~~  
8 ~~(CPI-U), for the Washington, DC MD VA metropolitan area, over the base year 1997.~~

9           ~~(e) Except as otherwise provided in this section, bonds issued under this~~  
10 ~~section shall be issued as serial bonds with the principal payable annually, beginning~~  
11 ~~no later than 3 years from the date of issue.~~

12           ~~(d) (1) The bonds shall:~~

13                   ~~(i) be issued in denominations determined by the Commission;~~

14                   ~~(ii) bear interest annually at rates the Commission determines~~  
15 ~~to be advantageous to the sanitary district and in the public interest; and~~

16                   ~~(iii) mature no later than [40] 23 years from the date of issue.~~

17           ~~(2) The bonds may be:~~

18                   ~~(i) registered or coupon bonds; or~~

19                   ~~(ii) registrable as to principal with interest represented by~~  
20 ~~coupons.~~

21           ~~(3) The interest on the bonds shall be payable semiannually.~~

22           ~~(e) (1) Notwithstanding any other provision of law, the Commission may~~  
23 ~~issue bonds that have a maturity of more than 1 year as fully registered bonds without~~  
24 ~~coupons.~~

25           ~~(2) The Commission may determine the form of the bonds issued~~  
26 ~~under paragraph (1) of this subsection for the purposes of:~~

27                   ~~(i) qualifying the interest on the bonds for exemption from~~  
28 ~~federal income tax; and~~

29                   ~~(ii) conforming to standards and practices for the registration~~  
30 ~~and transfer of bonds generally followed by banks and trust companies acting as~~  
31 ~~registrars and transfer agents of bonds, including:~~



- 1           ~~(4) the denominations of the refunding bonds;~~
- 2           ~~(5) the form of the refunding bonds, which may be coupon or~~  
3 ~~registered;~~
- 4           ~~(6) registration or conversion privileges;~~
- 5           ~~(7) the manner of executing the refunding bonds;~~
- 6           ~~(8) the manner of payment at places in or outside of the State;~~
- 7           ~~(9) terms for redemption before maturity;~~
- 8           ~~(10) terms for replacement of mutilated, destroyed, stolen, or lost~~  
9 ~~bonds; and~~
- 10          ~~(11) any other terms, conditions, or covenants.~~

11          ~~(c) Refunding bonds issued to refund outstanding bonds for which front foot~~  
12 ~~benefit charges have been imposed shall mature on or before 1 year after the date set~~  
13 ~~for the payment of the final installment of the front foot benefit charge.~~

- 14          ~~(d) (1) Refunding bonds may be:~~
- 15                 ~~(i) exchanged for bonds being refunded;~~
- 16                 ~~(ii) sold at public sale; or~~
- 17                 ~~(iii) subject to paragraph (2) of this subsection, sold at a~~  
18 ~~negotiated sale in an open meeting.~~

19                 ~~(2) Refunding bonds may be sold at a negotiated sale if the~~  
20 ~~Commission determines:~~

- 21                         ~~(i) that a public sale would be impracticable to effectuate the~~  
22 ~~purpose of the refunding bonds; and~~
- 23                         ~~(ii) the price, terms, and conditions are in the best interest of~~  
24 ~~the Commission.~~

25          ~~(e) (1) At least 45 days before the sale or exchange of any refunding~~  
26 ~~bonds, the Commission shall deliver its plan on the issuance of the refunding bonds to~~  
27 ~~the county executives and county councils of Montgomery County and Prince George's~~  
28 ~~County.~~

1           ~~(2) Except as provided in paragraph (3) of this subsection, the~~  
2 ~~Commission may not sell or exchange the refunding bonds unless the plan under~~  
3 ~~paragraph (1) of this subsection is approved by the county executives and county~~  
4 ~~councils of Montgomery County and Prince George's County.~~

5           ~~(3) (i) On or before 30 days after the delivery of the plan, the~~  
6 ~~county executives and county councils of Montgomery County and Prince George's~~  
7 ~~County shall approve or disapprove of the plan.~~

8           ~~(ii) Failure of a county executive or county council of~~  
9 ~~Montgomery County or Prince George's County to act within 30 days is deemed as~~  
10 ~~approval of the plan by that county.~~

11           ~~(4) The county executives and county councils of Montgomery County~~  
12 ~~and Prince George's County may waive the time period requirements under this~~  
13 ~~subsection.~~

14           ~~(f) If an officer whose signature or facsimile signature appears on a~~  
15 ~~refunding bond or coupon ceases to be an officer before the delivery of the refunding~~  
16 ~~bond, the signature or facsimile is valid and sufficient as if the officer remained in~~  
17 ~~office until delivery.~~

18           ~~(g) Refunding bonds issued to refund bonds guaranteed as to payment of~~  
19 ~~principal and interest by Montgomery County or Prince George's County may be~~  
20 ~~guaranteed in the same manner and form as under § 22-104 of this subtitle.~~

21           ~~(h) Refunding bonds authorized under this section are:~~

22           ~~(1) in addition to any other bonds authorized under this subtitle; and~~

23           ~~(2) included in computing the amount of bonds that may be issued~~  
24 ~~under the 7% limitation under § 22-103 of this subtitle.~~

25           ~~(i) Refunding bonds authorized under this section are forever exempt from~~  
26 ~~taxation by the State and counties and municipalities in the State.~~

27           ~~(j) The powers granted under this section are not subject to the provisions of~~  
28 ~~any other law in conflict with the powers.~~

29 ~~25-211.~~

30           ~~(a) (1) For purposes of this section, the annual benefit charge for a~~  
31 ~~property shall be calculated at a sum:~~

32           ~~(i) equal to the base rate applied to the classification for the~~  
33 ~~property as it is used, disregarding any allowance for excess; but~~

1 ~~(ii) not less than the base rate applied to property in the~~  
 2 ~~residential subdivision classification.~~

3 ~~(2) At any time, a benefit charge may be extinguished or redeemed by~~  
 4 ~~payment to the Commission of a sum equal to:~~

5 ~~(i) the annual benefit charge multiplied by the number of years~~  
 6 ~~yet to run on the bonds that financed the construction of the water main or sewer on~~  
 7 ~~which the benefit charge was based; and~~

8 ~~(ii) less the interest calculated at the rate of interest on the~~  
 9 ~~bonds that financed the construction of the water main or sewer on which the benefit~~  
 10 ~~charge is based.~~

11 ~~(b) Notwithstanding subsection (a) of this section, if a benefit charge is paid~~  
 12 ~~and redeemed because the property is acquired by the State, a county, or other~~  
 13 ~~governmental unit under any law that requires redemption, the payment to the~~  
 14 ~~Commission:~~

15 ~~(1) shall be the capitalized amount of the actual benefit charge; but~~

16 ~~(2) may not be less than an amount calculated as if the property were~~  
 17 ~~in the small acreage classification, with the redemption amount calculated as provided~~  
 18 ~~in this section.~~

19 ~~(c) NOTWITHSTANDING SUBSECTIONS (A) AND (B) OF THIS SECTION,~~  
 20 ~~WHEN A FRONT FOOT BENEFIT CHARGE IS EXTINGUISHED OR REDEEMED THE~~  
 21 ~~COMMISSION SHALL REDUCE THE SUM OWED FOR THE EXTINGUISHMENT OR~~  
 22 ~~REDEMPTION OF THE FRONT FOOT BENEFIT CHARGE BY AN AMOUNT EQUAL TO~~  
 23 ~~3%.~~

24 ~~(D) (1) On receiving a sum from the extinguishment or redemption of one~~  
 25 ~~or more front foot benefit charges, the Commission:~~

26 ~~(i) shall purchase and cancel one or more bonds from the series~~  
 27 ~~of bonds issued for the construction that was the basis of the front foot benefit charge;~~  
 28 ~~or~~

29 ~~(ii) may invest or use the sum to:~~

30 ~~1. construct other water mains and sewers for which~~  
 31 ~~benefit charges are imposed; or~~

32 ~~2. amortize bonds issued for the construction of water~~  
 33 ~~mains and sewers for which front foot benefit charges are imposed under this subtitle.~~



1           ~~(2) The Commission may make up a deficiency in the purchase of a~~  
2 ~~bond or pay a premium from any available surplus funds.~~

3           ~~(3) The extinguishment or redemption of a benefit charge is~~  
4 ~~conditional until the last year of maturity of the bonds from which proceeds the water~~  
5 ~~mains or sewers were constructed.~~

6           ~~(4) If, after extinguishment or redemption, the use of the property~~  
7 ~~changes to another classification that would yield a greater benefit charge than that~~  
8 ~~used to calculate the sum to extinguish or redeem the benefit charge, the Commission~~  
9 ~~may:~~

10                   ~~(i) reclassify the property;~~

11                   ~~(ii) calculate a benefit charge to give credit for the sum paid for~~  
12 ~~the extinguishment or redemption; and~~

13                   ~~(iii) reimpose the benefit charge for the remaining number of~~  
14 ~~years until the bonds mature.~~

15 25–214.

16           (a) This section applies to the collection of benefit charges for the  
17 Commission by the directors of finance of Prince George's County and Montgomery  
18 County or by other tax collecting authorities in those counties.

19           (b) Each year, for 30 days before the collection of taxes begins in  
20 Montgomery County and Prince George's County, the Commission shall have access to  
21 the records of the treasury division in each county's department or office of finance to  
22 inform each county:

23                   (1) regarding which properties or property owners are subject to a  
24 benefit charge and the annual benefit charge imposed on the property;

25                   (2) regarding each property on which the Commission has imposed a  
26 benefit charge that was not subject to State or county taxes; and

27                   (3) of the total benefit charge imposed for all properties in the county.

28           (c) (1) (i) All laws relating to the collection of county taxes apply to  
29 the collection of a benefit charge.

30                   (ii) A benefit charge:

31                                 1. for purposes of collection, shall be treated as a county  
32 tax;



1 (e) (1) On or before the 10th day of each month, the director of finance  
2 shall pay the Commission the amount of the benefit charges collected by the director of  
3 finance through the last day of the preceding month.

4 (2) If the director of finance does not pay the amount due the  
5 Commission as provided in paragraph (1) of this subsection, the amount due shall bear  
6 a penalty of 1% per month.

7 (3) The director of finance is personally liable for failure to pay the  
8 amount due to the Commission.

9 (4) The county councils of Montgomery County and Prince George's  
10 County shall require the bonds of its respective director of finance to be conditioned on  
11 payment to the Commission of the amount collected under this section.

12 (f) (1) By December 1 of each year, the Commission shall pay  
13 Montgomery County and Prince George's County a reasonable amount for the services  
14 of its respective director of finance.

15 (2) The payment provided for in paragraph (1) of this subsection shall  
16 be included as an item in the Commission's operating budget.

17 ~~25-215.~~

18 ~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW:~~

19 ~~(1) FOR A PROPERTY AGAINST WHICH A FRONT FOOT BENEFIT~~  
20 ~~CHARGE THAT WAS ASSESSED BEFORE JUNE 1, 2012, IF THE CHARGE HAS BEEN~~  
21 ~~ASSESSED FOR LESS THAN 23 YEARS, THE COMMISSION MAY NOT ASSESS THAT~~  
22 ~~BENEFIT CHARGE FOR LONGER THAN 23 YEARS FROM THE YEAR THAT THE~~  
23 ~~BENEFIT CHARGE WAS INITIALLY ASSESSED AGAINST THE PROPERTY;~~

24 ~~(2) THE COMMISSION MAY NOT RECALCULATE OR INCREASE A~~  
25 ~~FRONT FOOT BENEFIT CHARGE BECAUSE OF A REDUCTION IN REVENUES~~  
26 ~~COLLECTED BY THE COMMISSION AS A RESULT OF THIS SECTION;~~

27 ~~(3) FOR RESIDENTIAL REAL PROPERTY CONSTRUCTED IN~~  
28 ~~MONTGOMERY COUNTY AND PRINCE GEORGE'S COUNTY ON OR AFTER JUNE 1,~~  
29 ~~2012, A FRONT FOOT BENEFIT CHARGE MAY NOT BE ASSESSED BY THE~~  
30 ~~COMMISSION AGAINST THE PROPERTY FOR MORE THAN 23 YEARS; AND~~

31 ~~(4) THE COMMISSION SHALL USE THE MONEY IN THE CURRENT~~  
32 ~~BOND FUND UNDER § 22-107 OF THIS DIVISION II TO OFFSET ANY REDUCTION~~  
33 ~~IN REVENUES COLLECTED BY THE COMMISSION AS A RESULT OF THIS SECTION.~~

1 SECTION 2. AND BE IT FURTHER ENACTED, That, ~~notwithstanding any~~  
2 ~~other provision of law, on or before June 1, 2012, for a property owner against whose~~  
3 ~~property a front foot benefit charge has been assessed by the Washington Suburban~~  
4 ~~Sanitary Commission for the immediately preceding 23 years, the front foot benefit~~  
5 ~~charge shall be deemed as having been paid in full. The Commission shall promptly~~  
6 ~~take the necessary steps to implement this section;~~

7 (a) There is a Task Force to Study Rates and Charges in the Washington  
8 Suburban Sanitary District.

9 (b) The Task Force consists of the following members:

10 (1) one member from the delegation to the Senate of Maryland from  
11 Montgomery County, selected by the chair of the delegation;

12 (2) one member from the delegation to the Senate of Maryland from  
13 Prince George's County, selected by the chair of the delegation;

14 (3) one member from the delegation to the House of Delegates from  
15 Montgomery County, appointed by the chair of the delegation;

16 (4) one member from the delegation to the House of Delegates from  
17 Prince George's County, appointed by the chair of the delegation;

18 (5) one member who has experience in finance designated by the  
19 County Executive of Montgomery County;

20 (6) one member who has experience in finance designated by the  
21 County Executive of Prince George's County;

22 (7) one member who has experience in finance designated by the  
23 Montgomery County Council;

24 (8) one member who has experience in finance designated by the  
25 Prince George's County Council;

26 (9) the chair of the Washington Suburban Sanitary Commission, or  
27 the chair's designee; and

28 (10) the following members appointed by the Governor:

29 (i) one representative of the Maryland-National Capital  
30 Building Industry Association;

31 (ii) one representative of a land developer in the Washington  
32 Suburban Sanitary District in Prince George's County; and

1                   (iii) one representative of a land developer in the Washington  
2 Suburban Sanitary District in Montgomery County.

3           (c)   The Task Force shall elect one of its members as chair of the Task Force.

4           (d)   The Washington Suburban Sanitary Commission shall provide staff for  
5 the Task Force.

6           (e)   A member of the Task Force:

7                   (1)   may not receive compensation as a member of the Task Force; but

8                   (2)   is entitled to reimbursement for expenses under the Standard  
9 State Travel Regulations, as provided in the State budget.

10           (f)   The Washington Suburban Sanitary Commission shall provide any  
11 information and documents to the Task Force that the Task Force requires to carry  
12 out the duties of the Task Force under subsection (g) of this section.

13           (g)   The Task Force shall:

14                   (1)   determine if there are water and sewer public utilities in other  
15 states that have a cap on the percentage that the public utility may increase water  
16 and sewer usage rates in a single year;

17                   (2)   complete a comparison of the water and sewer usage rates and rate  
18 increases charged by the Washington Suburban Sanitary Commission with the rates  
19 charged by water and sewer public utilities in other states;

20                   (3)   determine what the effect on the Washington Suburban Sanitary  
21 Commission would be if the General Assembly:

22                           (i)   implemented a cap on the percentage that the Washington  
23 Suburban Sanitary Commission may increase water and sewer usage rates in a single  
24 year; and

25                           (ii)   required the Washington Suburban Sanitary Commission to  
26 give a prepayment discount to a customer who extinguished or redeemed a front foot  
27 benefit charge before the final payment was due;

28                   (4)   study the process developers follow in charging property owners for  
29 the cost of constructing water and sewer facilities and connecting the property to the  
30 water and sewer facilities; and

31                   (5)   make recommendations regarding:

1                   (i) standards for developers to follow when charging property  
 2 owners for the cost of constructing water and sewer facilities and connecting property  
 3 to the water and sewer facilities; and

4                   (ii) improving the transparency of the practice of developers  
 5 charging property owners for the cost of constructing water and sewer facilities and  
 6 connecting the property to the water and sewer facilities.

7           (h) On or before December 31, 2012, the Task Force shall report its findings  
 8 and recommendations to the Governor and, in accordance with § 2-1246 of the State  
 9 Government Article, the Montgomery County and Prince George's County delegations  
 10 to the General Assembly.

11           ~~SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding any~~  
 12 ~~other provision of law, the Washington Suburban Sanitary Commission may not~~  
 13 ~~assess a front foot benefit charge against any property during the 2013 fiscal year. The~~  
 14 ~~Commission may not recalculate or increase a front foot benefit charge because of a~~  
 15 ~~reduction in revenues collected by the Commission as a result of this section.~~

16           ~~SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding any~~  
 17 ~~other law, the Washington Suburban Sanitary Commission may not raise the service~~  
 18 ~~rate for water or sewer usage by more than 5% for fiscal year 2013.~~

19           ~~SECTION 5.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
 20 effect June 1, 2012. Section 2 of this Act shall remain effective for a period of 1 year  
 21 and, at the end of May 31, 2013, with no further action required by the General  
 22 Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.