

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1024

(Prince George's County Delegation and Montgomery
County Delegation)

Environment and Transportation

Education, Energy, and the Environment

**Washington Suburban Sanitary Commission - Connection Pipe Emergency
Replacement Loan Program - Expansion
PG/MC 101-24**

This bill expands the Washington Suburban Sanitary Commission (WSSC) Connection Pipe Emergency Replacement Loan Program to include sewer pipes and diagnostic actions, as specified. The bill increases, from \$5,000 to \$10,000, the maximum loan that a customer is eligible to receive under the program. The bill increases, from \$1.0 million to \$2.0 million, the maximum total loans that WSSC may provide or have outstanding at any one time. The bill also increases, from \$100,000 to \$200,000, the amount WSSC must include in the program's annual budget. The bill extends, from June 30, 2029, to June 30, 2034, the termination date of Chapter 539 of 2018. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: WSSC expenditures increase by \$100,000 annually in FY 2025 through 2034 for additional funding to the loan program. Revenues increase upon repayment of loans. WSSC may not provide or have outstanding more than \$2.0 million in total loans at any one time. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Chapter 539 required WSSC to establish a Connection Pipe Emergency Replacement Loan Program to provide loans to residential customers to finance the

replacement of malfunctioning pipes. The loan program must include (1) eligibility requirements for participation in the program, including eligibility requirements for customers applying to receive a loan through the program, the type of connection pipe that is being installed to replace the existing connection pipe, and the type of malfunction and pipe replacement emergency that qualifies for the program; (2) a requirement that a customer receive notification or have certification that there is an active leak in a pipe; (3) loan terms and conditions, including an interest rate repayment schedule and an administrative processing fee; (4) a requirement that the replacement of malfunctioning pipes under the program be performed by a plumber licensed by the commission; and (5) a prohibition on the commission from replacing malfunctioning pipes under the program.

Loans under the program may not exceed \$5,000, and a customer may not receive more than one loan at a time.

Customers who are provided loans must repay a loan through a separate charge on the customer's water and sewer bill or by another method determined by the commission. WSSC may not set a charge greater than an amount that allows the commission to recover the costs associated with financing the loan and administering the program. A person who acquires property subject to a charge assumes the obligation to pay the charge.

Each loan provided under the program must be a lien against the property on which the malfunctioning pipe has been replaced that continues until the loan is paid in full to the commission. The commission is the sole holder of the lien. WSSC is required to record a lien in the land records of the county where the property is located.

Chapter 539 also established the Connection Pipe Emergency Replacement Fund, administered by WSSC, to provide funding for the connection pipe emergency replacement loan program. The fund consists of (1) money appropriated by the commission from ratepayer funds only; (2) any investment earnings of the fund; and (3) any other money from any other source accepted for the benefit of the fund. The fund may be used only for providing loans through the program and the administration of the program.

Local Fiscal Effect: WSSC expenditures increase by \$100,000 annually in fiscal 2025 through 2034, due to the bill requiring WSSC to increase annual funding to the program. WSSC revenues increase upon repayment of the loans through the charge imposed on customer water and sewer bills. The amount of the increase cannot be reliably estimated but depends on the number of customers using the loan program and the repayment schedule of each loan. Under the bill, individual loans may not exceed \$10,000 and WSSC may not provide or have outstanding more than \$2.0 million in total loans at any one time.

Additional Information

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

Designated Cross File: None.

Information Source(s): Montgomery and Prince George's counties; Washington Suburban Sanitary Commission; Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2024
rh/tso Third Reader - March 18, 2024

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