

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 470 (Delegate Edwards)
Commerce and Government Matters

**Garrett County Sanitary Commission - Unpaid Sewerage Charges -
Disconnection of Water Service**

This bill authorizes the Garrett County Sanitary Commission to disconnect water service from a customer if a bill for sewerage service is not paid within 30 days after being sent. Before disconnection, the commission must either send a notice to the property owner or post a notice on the premises. If a municipality advises the commission that a sewer bill is not paid within 30 days, the commission may disconnect water service subject to the same notice provisions. Before reconnecting water service, the commission may require full payment of the bill, plus a reconnection charge.

Fiscal Summary

State Effect: None.

Local Effect: Revenues of the Garrett County Sanitary Commission and the Town of Mountain Lake Park could be affected as discussed below. The sanitary commission's expenditures could decrease by \$2,500 annually, while Mountain Lake Park's expenditures could decrease by an indeterminate minimal amount.

Small Business Effect: Minimal effect on small businesses. Although the vast majority of past due sewer accounts are private residences, small businesses that are past due could face higher costs associated with the disconnection of water service and the payment of reconnection charges.

Fiscal Analysis

Local Revenues: According to the Garrett County Sanitary Commission, the Town of Mountain Lake Park would be the only municipality affected by the bill's provisions. It is the only municipality that operates its own sewer system and receives its water service from the commission. The commission has approximately \$22,200 in past due sewer charges annually and the Town of Mountain Lake Park has about \$14,700 from its sewer services. These figures represent less than 2% of all sewer accounts.

Under the bill, the commission may disconnect the water service to these properties. Before reconnecting the water service, the commission may require the payment of past due charges, plus a reconnection charge. If the commission disconnects the water service, it is likely that the past due accounts would be paid in full at an earlier date than under current practice. Currently, the past due accounts extend for several months before they are paid in full. As a result, the commission could experience an increase in revenues due to the imposition of a reconnection charge. In addition, revenues of the commission and town could increase due to interest earned on the monies received from the payment of past due accounts at an earlier date than normal. Although the increase cannot be determined beforehand, it is likely that it would be minimal (less than \$10,000).

Local Expenditures: The commission and the town could experience a cost savings due to lower legal costs and postage costs associated with pursuing past due accounts. With the authority to disconnect water service, the commission could collect past due accounts with less effort. Currently, the commission sends several past due statements to outstanding accounts before pursuing legal action. The commission expects to save approximately \$2,500 annually. Similarly, the town could experience a minimal cost savings.

Information Source(s): Garrett County, Department of Fiscal Services

Fiscal Note History: First Reader - February 7, 1997

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