

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 729 (Senator Dorman)
Select Committees Nos. 6 and 7

Washington Suburban Sanitary Commission - Water and Sewer Subdivision Lines

This bill requires all water and sewer pipelines or facilities necessary to provide service to a development in the Washington Suburban Sanitary District to be constructed by the owner or developer of the property at the owner's own expense. This requirement does not apply to authorizations for service for (1) which an application for water and sewer service is made with the Washington Suburban Sanitary Commission (WSSC) on or before June 30, 1998; (2) which the WSSC enters into a contract for construction of subdivision lines with notice to proceed on or before June 30, 2000; and (3) service for the relief of health hazards.

Fiscal Summary

State Effect: None.

Local Effect: WSSC expenditures for debt service and revenues from the annual front foot benefit charge could decrease by \$2.8 million annually.

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

Local Effect: The WSSC is responsible for constructing new water and sewer subdivision lines in the Washington Suburban Sanitary District. Currently, the WSSC issues approximately \$40 million in bonds each year to cover construction costs. To pay for debt service expenses, the WSSC imposes an annual front foot benefit charge on owners of new residential, commercial, or industrial development. This bill would require property owners or developers to construct new water and sewer subdivision lines, thus eliminating the need for the WSSC to issue bonds. Since the WSSC's debt service expenditures would decrease by \$2.8 million each year, the WSSC would not need to impose a benefit charge on property

owners.

Small Business Effect: This bill would shift the cost of constructing subdivision lines in the Washington Suburban Sanitary District in certain cases to the developer, thereby increasing business costs. A portion or all of the higher business costs resulting from constructing subdivision lines could be passed along to home/property buyers through increased real estate prices. In addition, since the construction projects would be awarded outside of the WSSC procurement guidelines, this bill could reduce the number and amount of contracts going to minority-owned firms.

Information Source(s): Washington Suburban Sanitary Commission, Prince George's County, Department of Fiscal Services

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