

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1012 (Prince George's County Delegation and Montgomery County
Delegation)

Commerce and Government Matters

**Washington Suburban Sanitary Commission - Ancillary Services Transfer
PG/MC 12-00**

This bill transfers ancillary services performed by the Washington Suburban Sanitary Commission (WSSC). Ancillary services include permit issuance for new water and sewer projects, approval and inspection of new projects, licensing of master plumbers and gas fitters, storm water management, and sewer cleaning regulation. With the exception of the State Board of Plumbing assuming the plumbing licensing functions, all services are transferred to Prince George's and Montgomery county governments. As the WSSC has done, the counties will charge fees for the provision of the services. The county executives of Prince George's and Montgomery counties must jointly devise a plan for the transfer of WSSC ancillary services by July 1, 2000. Ancillary service transfers are effective July 1, 2001.

The bill also provides that Prince George's and Montgomery counties consider the recommendations of the Task Force on Privatization of the WSSC and provide their county delegations with recommendations for legislation necessary to implement any further adjustments to WSSC's operations and governance. This provision is effective July 1, 2000.

Fiscal Summary

State Effect: Minimal increase in expenditures and revenues for the State Board of Plumbing. The board would license more plumbers and receive additional licensing fees. Plumbers licensed by the board pay an annual licensing fee of \$25.

Local Effect: Minimal net impact on Prince George's and Montgomery county finances. Increases in operations and staff would be offset by service fees charged for ancillary services. Increased county revenues and expenditures would be mirrored by similar decreases for the WSSC.

Small Business Effect: Minimal.

Analysis

Current Law: In addition to its primary function as a water and wastewater utility, the WSSC provides to the counties in its district several ancillary services related to its water service functions.

Background: Chapter 713 of 1998 established the Task Force on Privatization of the Washington Suburban Sanitary Commission to examine the possibility of privatizing some or all of the WSSC's assets or services. One of the recommendations made by the task force was that ancillary services provided by the WSSC be transferred to Montgomery and Prince George's counties.

State Fiscal Effect: The State Board of Plumbing would assume responsibility for licensing plumbers who are currently licensed in the WSSC sanitary district but not in the rest of the State. It is not known how many plumbers fit this description and how much more work this would require the board to do, but the net effect is expected to be minimal since fees are collected to cover the cost of licensing.

Local Fiscal Effect: It is assumed that many current WSSC employees who work in ancillary service provision would be transferred to the counties. These employees would have to be put on county pay schedules and would receive county benefits. The counties would also generate additional revenues through fees charged for the provision of ancillary services. Fee adjustments, up or down, may be necessary to keep ancillary services appropriately supported.

The WSSC estimates that it spent about \$6.4 million in fiscal 1999, including overhead costs, to fund ancillary service provision. Not including overhead costs such as management and office space, the WSSC estimates the costs at \$4.1 million. In fiscal 1999, fees collected from ancillary services totaled \$4.6 million, and in fiscal 1998, the fees generated \$3.3 million. WSSC expenditures for and revenues from ancillary services would decrease.

Small Business Effect: The bill would increase the areas that can be served by plumbers with a State license. Currently, plumbers wishing to work in the WSSC sanitary district and

in other parts of the State must be licensed by the WSSC and by the State Board of Plumbing, and they must pay two licensing fees. The bill may create opportunities for small plumbing businesses to expand operations, but it may also increase competition among plumbing businesses that currently operate in separate parts of Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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drg/jr

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