

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 1417 (Washington County Delegation)

Commerce and Government Matters

Washington County - Washington County Water and Sewer Debt Reduction Fund

This bill establishes the Washington County Water and Sewer Debt Reduction Fund. The County Commissioners are required to provide an annual appropriation of \$500,000 to the fund in addition to any other appropriation for county water, sewer, and pretreatment facilities. The appropriation may not reduce or replace any existing subsidy for the facilities.

The amount of any future reduction from the fiscal 2000 subsidy for the facilities must be appropriated to the fund. Additionally, all profits from the Conococheague Industrial Pretreatment Fund will be deposited in the Washington County Water and Sewer Debt Reduction Fund.

The bill is contingent on the enactment of HB 1427, which would increase the hotel rental tax in Washington County from 3% to 6%, and HB 1389, which would alter the distribution of money in the Washington County Gaming Fund.

Fiscal Summary

State Effect: None.

Local Effect: Washington County general fund expenditures would increase by \$500,000. The principal on the county's \$52.3 million water and sewer system debt would be reduced by \$500,000 annually.

Small Business Effect: None.

Analysis

Current Law: The Washington County Water and Sewer Debt Reduction Fund does not exist; it would be a new special fund for Washington County.

Background: The bill is contingent on the enactment of HB 1389 and HB 1427. HB 1389 changes the distribution of the Washington County Gaming Fund from 60% for county charitable organizations and 40% for the county Volunteer Fire and Rescue Association to 50% for each. This would result in an increase of approximately \$235,000 in revenues for the Volunteer Fire and Rescue Association and an equivalent decrease in the fund revenues provided to charitable organizations. The bill also limits the distribution of proceeds from the fund to \$50,000 per charity per application and requires that the Washington County Gaming Commission report to the county's General Assembly delegation on how the change in distribution has affected fund proceeds. HB 1427 would increase the hotel rental tax in Washington County from 3% to 6% and the revenues from the tax by about \$550,000. Of the revenues collected from the tax, 45% would be used to fund the Hagerstown/Washington County Convention and Visitor's Bureau and the rest would be placed in a special fund to develop tourism attractions, enhance economic development, and support cultural and recreational projects in the county.

Local Fiscal Effect: Washington County general fund expenditures would increase by \$500,000 due to the required appropriation to the Water and Sewer Debt Reduction Fund. Money in the special fund would be used to reduce the current debt of \$52.3 million on the county's water and sewer system. The county advises that water and sewer rates are set with the intention of equaling debt payments on the system, and estimates that rates could be reduced about 1% annually as the principal on the debt would be reduced by \$500,000 annually. The county has budgeted \$4.7 million in system debt service for fiscal 2001 and \$4 million is being spent on the debt service in fiscal 2000.

The Conococheague Industrial Pretreatment Fund is a proprietary fund that supports its own operations and does not currently generate a profit. Profits from the fund, when and if they are generated, are supposed to be set aside for the pretreatment facility to hold as cash and capital reserves to offset future borrowing requirements. The bill would require that any profits be placed in the Water and Sewer Debt Reduction Fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington County, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2000

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