

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 842

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

Commerce and Government Matters

**Washington Suburban Sanitary Commission - Water and Sewer Usage
Charges - Liens
MC/PG 107-01**

This bill requires the Washington Suburban Sanitary Commission (WSSC), if a bill remains unpaid after 30 days from the date it was sent, to notify, in writing, the owner of the property served that the bill is in arrears and that water service will be discontinued. The bill requires the WSSC to discontinue the water service to the property until the bill, any late payment penalty charge, and the cost incurred in shutting off and restoring the water supply are paid. If a WSSC bill remains unpaid more than 60 days from the date the notice is sent, the bill and any penalty imposed are: (1) collectible from the property owner in the same manner as taxes are collectible in the county where the property is located; (2) subject to the same interest as overdue taxes; and (3) a first lien on the property.

Fiscal Summary

State Effect: The bill would not substantively change State activities or operations.

Local Effect: The WSSC could experience an annual increase in revenues of up to \$300,000 annually due to collections of delinquent accounts, based on fiscal 2000 figures. Expenditures would not be materially affected.

Small Business Effect: Minimal.

Analysis

Current Law: If a WSSC bill is not paid for 60 days after being sent, the bill is collected against the owner of the property served in the same manner as other debts are collected in Montgomery and Prince George's counties. If a WSSC bill is not paid after 30 days from the date it was sent, the WSSC must turn off the water from the property involved, after written notice is left on the premises or mailed to the last known address of the owner. The water may not be turned on again until the bill, any late payment penalty charges, and the cost incurred in shutting off and restoring the water supply have been paid. A late fee of 5% of the unpaid charges is added to the unpaid amount of a WSSC bill if the bill is not paid within 30 days for service periods of three months or more or 20 days for service periods of less than three months.

Background: If an account holder fails to pay delinquent water and sewer charges before selling the property, WSSC must locate a new address for the debtor and then pursue collection. WSSC does not have a lien against the property.

For water and sewer systems owned or operated by political subdivisions, if a bill remains unpaid more than 60 days from the date the notice is sent, the unpaid bill and any penalty imposed are: (1) collectible from the property owner in the same manner as taxes are collectible in the county where the property is located; (2) subject to the same interest as overdue taxes; and (3) a first lien on the property.

In Allegany County, an association, nonprofit corporation, cooperative association, or other organization that provides water and sewer service on a nonprofit basis is entitled to a lien against a property on which the bill for service has not been paid. The lien is subject to all the requirements of a mechanic's lien.

Local Fiscal Effect: In fiscal 2000, the WSSC wrote off about \$300,000 due to customer delinquencies and prior owners. Based on this, WSSC revenues could increase by up to \$300,000 annually as a result of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

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cm/jr

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