

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

House Bill 1221 (Delegates O'Donnell and Owings)  
Environmental Matters

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**Calvert County - Conversion of a Nonprofit Organization to a Sanitary District**

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This bill authorizes a nonprofit organization incorporated in the State and established for the purpose of operating a public water system in Calvert County to petition the Secretary of the Environment to convert to a sanitary district. A district created under the bill may operate in one or more counties and must be governed by a nine-person sanitary commission. The bill establishes requirements relating to the petition and the sanitary commission. On final approval by the Secretary of the Environment, the nonprofit organization must file a notice of conversion with the State Department of Assessments and Taxation (SDAT). SDAT must receive the articles of incorporation, mark the date and time of receipt, and issue a certificate of approval.

The bill takes effect July 1, 2004 and sunsets June 30, 2006.

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**Fiscal Summary**

**State Effect:** The bill would not significantly affect State operations or finances. Any increase in workload for the Maryland Department of the Environment (MDE) and SDAT could be handled with existing budgeted resources.

**Local Effect:** The bill is not anticipated to significantly affect Calvert County finances.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** Except for specified counties, by ordinance or resolution, the governing body of a county or the governing bodies of two or more counties may create a sanitary district. Each district is a public corporate body that exercises public and essential government functions for the public health and welfare. Each district, its income, its property, and its incorporation are exempt from any State or local taxation or assessments.

In general, districts have all the powers, privileges, and immunities granted to Maryland corporations under the Maryland General Corporation Law. Districts are governed by sanitary commissions. Districts and commissions have various authorities specified in statute, including the creation of service areas, the construction of facilities, the establishment of benefits assessments and connection charges, the issuance of bonds, and eminent domain authority.

MDE is responsible for State review and approval of county water and sewerage plans. These plans, adopted by the governing body of the county, among other things, delineate service areas and sanitary districts and outline local entities responsible for the installation, operation, and maintenance of local water and sewer utilities.

When a corporate document is filed with it, SDAT must endorse on the document the time and date received and examine the document. If, after examination, SDAT determines that the document is proper, it must issue a certificate of approval and record a copy of the document and the approval.

**Small Business Effect:** According to Calvert County, there are three nonprofit water companies in Calvert County. To the extent these companies are authorized to convert to sanitary districts as a result of this bill, they could benefit from the changes in their corporate structure.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Maryland Department of the Environment, Maryland Department of Planning, Calvert County,

Chamber of Commerce of Calvert County, Chesapeake Ranch Water Company,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2004  
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