

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1090 (Prince George's County Delegation and Montgomery County Delegation)

Environmental Matters

Finance

Washington Suburban Sanitary Commission - Fuel Gas - Jurisdiction and Regulations
PG/MC 120-06

This bill repeals a statutory provision restricting the Washington Suburban Sanitary Commission's jurisdiction regarding bottled gas and regarding the premises upon which only bottled gas is consumed. Accordingly, WSSC will be able to regulate the use of propane within the Washington Suburban Sanitary District. The bill also authorizes WSSC to adopt regulations for the installation of fuel gas piping, appliances, appurtenances, and connections from the point of service supplying any premises in the Washington Suburban Sanitary District. WSSC may require a permit and charge a fee for the installation of these fuel gas piping, appliances, appurtenances, and connections.

Fiscal Summary

State Effect: None.

Local Effect: WSSC personnel expenditures would increase by \$92,900 in FY 2007 and \$141,700 by FY 2011 for two additional plumbing inspectors. WSSC permit fee revenue would increase to cover these expenditures. It is anticipated that the effect of the bill on WSSC finances would be revenue neutral.

Small Business Effect: Minimal.

Analysis

Current Law: WSSC does not have jurisdiction over bottled gas, and the rules and regulations of WSSC do not apply to premises on which only bottled gas is consumed.

WSSC has the authority to adopt rules and regulations for the construction, installation, and equipment of gas fixtures, devices, and connections from the outlet of the meter supplying any building in the Washington Suburban Sanitary District. WSSC may require a permit and charge a fee for these gas fixtures, devices, and connections.

Background: WSSC advises that this bill would authorize it to regulate propane. The commission already has the authority to regulate natural gas.

WSSC is among the 10 largest water and sewer utilities in the country, providing water and sewer services to 1.6 million residents in Montgomery and Prince George’s counties. It has a total budget of \$759.2 million in fiscal 2006, over 400,000 customer accounts, and serves an area of around 1,000 square miles. This agency operates three reservoirs, two water filtration plants, and six wastewater treatment plants.

Local Fiscal Effect: WSSC advises that the bill would increase the number of plumbing inspections that would need to be performed. WSSC thus would need to hire two plumbing inspectors at an annual salary of \$38,435 each, resulting in expenditures of \$92,943 in fiscal 2007 and \$141,708 by fiscal 2011 for salaries, fringe benefits, and operating expenses. The fiscal 2007 estimate accounts for the bill’s October 1, 2006 effective date and out-years reflect an annual salary increase of 4% as advised by WSSC. Moreover, the estimate assumes a constant fringe benefits contribution rate of 46% as advised by WSSC. **Exhibit 1** shows the annual increase in WSSC expenditures related to hiring two plumbing inspectors.

Exhibit 1
Compensation and Expenses Associated with Two Plumbing Inspectors
Fiscal 2007 - 2011

<u>Fiscal Year</u>	<u>Salaries</u>	<u>Fringe Benefits</u>	<u>Operating Expenses</u>	<u>Total Increase</u>
2007	\$57,653	\$26,520	\$8,770	\$92,943
2008	79,945	36,775	10,108	126,827
2009	83,143	38,246	10,209	131,597
2010	86,468	39,775	10,311	136,555
2011	89,927	41,366	10,414	141,708

Note: The above estimate accounts for the October 1, 2006 effective date of the bill, and assumes a fringe benefits contribution rate of 46% as advised by WSSC. Out-years reflect a 4% annual increase in salaries for these individuals and a 1% annual increase in operating expenses.

WSSC advises that it would impose permit fees sufficient to cover the expenses associated with the two plumbing inspectors, meaning permit fees would increase by \$92,943 in fiscal 2007 and \$141,708 by fiscal 2011. WSSC expects the fiscal impact of the bill to be revenue neutral.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington Suburban Sanitary Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2006
ncs/hlb

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