

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 966 (Senator Dyson) (By Request)
Education, Health, and Environmental Affairs

Calvert County - Dissolution of a Nonprofit Organization and Creation of a Sanitary District

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 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, 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, 2006 and sunsets June 30, 2008.

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: Although the bill would not directly affect Calvert County operations or finances, the county reports the potential for significant fiscal impact if another utility company were allowed to bid on/service its customers.

Small Business Effect: Minimal.

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 information provided by MDE and Calvert County, three water systems in Calvert County are likely considered nonprofit water companies. 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.

Additional Information

Prior Introductions: Similar legislation was introduced as HB 1221 of 2004. The House Environmental Matters Committee held a hearing on the bill, but the bill was subsequently withdrawn.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation; Maryland Department of the Environment; Calvert County; Utility Services, Inc.; Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2006
mam/hlb

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