

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1698

(St. Mary's County Delegation)

Environmental Matters

Education, Health, and Environmental Affairs

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**St. Mary's County Metropolitan Commission - Fee Restructuring**

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This bill restructures the fees imposed by the St. Mary's County Metropolitan Commission (MetCom) by repealing its authority to impose benefit assessment charges, and providing for the imposition and collection of a connection fee, a capital contribution charge, and a system improvement charge. The bill authorizes MetCom to annually revise both the capital contribution charge and the system improvement charge. It exempts certain organizations and properties from having to pay the system improvement charge, and provides for the deferral of the system improvement charge for individuals under certain circumstances.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Restructuring fees and charges imposed by MetCom would not directly affect MetCom or St. Mary's County finances.

**Small Business Effect:** Minimal. To the extent that charges and fees imposed by MetCom increase or decrease, small businesses could be affected.

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**Analysis**

**Bill Summary:** A capital contribution charge is an amount based on capital costs that is imposed and collected on a new equivalent dwelling unit (EDU) connection to a water supply or sewerage system. A connection fee is an amount based on the cost of the connection that is imposed on a new connection to a water supply or sewerage system. A system improvement charge is imposed on every EDU on property in which a

commission water distribution or sewerage system has been built. The system improvement charges must be used to pay the costs associated with the capital costs of central treatment facility performance upgrades and the capital costs of the repair and replacement of existing water and/or sewer collected systems.

**Current Law:** In order to pay the debt service on bonds issued by MetCom for the construction or acquisition of water and sewerage systems, MetCom is authorized to fix an annual benefit assessment charge on all properties binding upon a street, road, lane, alley, right-of-way, or easement in which a water main or sewer has been built.

Current law provides for the imposition and collection of connection charges by MetCom. It may apply any revenue from this source, above the actual cost of the connections, for repairs, replacements or any extraordinary expense in the maintenance and operation of the water supply and sewerage systems. It may also use the revenue for paying debt service on the bonds issued by MetCom for the water supply or sewerage systems to be constructed, purchased, upgraded, improved, or established.

**Background:** MetCom was created by the General Assembly in 1957 to supply water and sewer service to residents in St. Mary's County. As of May 1, 2005, MetCom operated 27 water systems, four sewer treatment plants, provided water service to 41,000 people and sewer service to 36,000 people. Its fiscal 2005 operating budget was \$6 million.

**Local Fiscal Effect:** MetCom advises that the bill would neither generate revenues nor increase expenditures for the commission. MetCom currently has a system in which it charges 50 different benefit assessment charges. These charges vary greatly and can total \$100 each month, depending on the customer. The bill would permit MetCom to spread these charges over a larger customer base, thus decreasing charges for some customers while increasing charges for others. While the bill would not directly affect MetCom expenditures, there could be an operational impact from simplifying their accounting system.

**Additional Comments:** The Maryland Department of the Environment advises that the bill could adversely affect the county's ability to obtain certain need-based grants and subsidies from federal and State funding agencies that finance water and sewer projects. By having the authority spread certain costs over the entire user base, the need for these subsidies to keep users' costs at an affordable level for the users of a high-cost project in a poorer sanitary district would be reduced.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** St. Mary's County, Maryland Department of the Environment,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2006  
nas/hlb Revised - House Third Reader - March 29, 2006

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