

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 669

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

Environmental Matters

Education, Health, and Environmental
Affairs

**Washington Suburban Sanitary Commission - System Development Charge -
Assessment and Definitions
MC/PG 110-07**

This bill defines “apartment unit” as it pertains to the system development charge imposed by the Washington Suburban Sanitary Commission (WSSC) to mean a single-family housing unit that is one of several units within one building, contains at least one full bath and kitchen, and does not contain more than two toilets. It does not include a unit in a building that accommodates several dwelling units on a lateral basis only, including semiattached houses, row houses, and town houses. A dwelling unit that does not meet this definition will be assessed the system development charge as a dwelling, depending on the number of toilets.

Fiscal Summary

State Effect: None.

Local Effect: WSSC revenues would increase by \$572,600 in FY 2008 and \$763,500 annually beginning in FY 2009. Expenditures would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law / Background: The system development charge is imposed on new development as a method to pay for capital expenses needed to accommodate growth in the bi-county area. It is reviewed and updated annually by the county councils. Statute set a cap on the system development charge rates beginning in fiscal 1999, depending on the type of unit and how many toilets a unit contained; the rate cap is adjusted annually to account for inflation. **Exhibit 1** shows the system development charge rates and the rate caps for fiscal 2007. First imposed in fiscal 1994, the system development charge generated \$35.6 million in fiscal 2006.

Exhibit 1
WSSC System Development Charge (Residential)
Fiscal 2007
(Per unit)

<u>Residential Unit</u>	<u>Rate</u>	<u>Cap</u>
Apartment	\$2,036	\$2,342
1-2 Toilets	3,054	3,511
3-4 Toilets	5,090	5,854
5 Toilets	7,126	8,197
6 + Toilets (per fixture unit)	203	234

Source: WSSC Fiscal 2007 Approved Budget

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 \$757.1 million (\$502.1 operating budget and \$255.0 capital budget) in fiscal 2007, over 400,000 customer accounts, and serves an area of around 1,000 square miles. It operates three reservoirs, two water filtration plants, and six wastewater treatment plants.

Local Fiscal Effect: WSSC advises that between calendar 2003 and 2005, an average of 250 three or four toilet units were charged the apartment system development charge rate instead of the intended residential rate per year. The difference between the fiscal 2007 apartment rate (\$2,036) and the three to four toilet residential unit rate (\$5,090) is \$3,054. Based on these assumptions, and accounting for the bill’s October 1, 2007 effective date, WSSC revenues would increase by \$572,625 in fiscal 2008 and \$763,500 on an annualized basis beginning in fiscal 2009. To the extent that the system development charge rates change in future years, the estimate would adjust accordingly.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington Suburban Sanitary Commission, Montgomery County, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 15, 2007
ncs/hlb

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