

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 709 (Montgomery County Delegation and Prince George's County Delegation)

Environmental Matters

Finance

Washington Suburban Sanitary Commission - Fuel Gas - Jurisdiction and Regulations
MC/PG 124-07

This bill repeals a statutory provision restricting the Washington Suburban Sanitary Commission's (WSSC) jurisdiction regarding bottled gas and regarding the premises upon which only bottled gas is consumed. Accordingly, WSSC may 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 \$244,000 in FY 2008 and \$393,700 by FY 2012 for three additional plumbing inspectors and a permit processor. 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 \$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 the bill would increase the number of plumbing inspections that would need to be performed, and it would need to hire three plumbing inspectors and a permit processor. This would increase WSSC expenditures by \$244,020 in fiscal 2008 and by \$393,728 in fiscal 2012 for salaries, fringe benefits, and operating expenses. The estimate assumes a constant fringe benefits contribution rate of 46% and out-years reflect an annual salary increase of 5%. It also reflects the October 1, 2007 effective date of the bill, although WSSC advises that it may need to hire the new employees before that date so that they may begin enforcement of the bill on October 1. **Exhibit 1** shows the annual increase in WSSC expenditures.

Exhibit 1
Compensation and Expenses Associated with Four New Positions
Fiscal 2008-2012

<u>Fiscal Year</u>	<u>Salaries</u>	<u>Fringe Benefits</u>	<u>Operating Expenses</u>	<u>Total Increase</u>
2008	\$162,000	\$74,520	\$7,500	\$244,020
2009	226,800	104,328	10,100	341,228
2010	238,140	109,544	10,201	357,885
2011	250,047	115,022	10,303	375,372
2012	262,549	120,773	10,406	393,728

Note: The above estimate accounts for the October 1, 2007 effective date of the bill, and assumes a fringe benefits contribution rate of 46% as advised by WSSC. Out-years reflect a 5% annual increase in salaries for these individuals and a 1% annual increase in operating expenses.

According to WSSC, it would impose permit fees sufficient to cover the expenses associated with the bill, meaning permit fee revenues would increase by \$244,020 in fiscal 2008 and \$393,728 by fiscal 2012. It is expected that the fiscal impact of the bill would be revenue neutral.

Additional Information

Prior Introductions: This bill was introduced as HB 1090 in 2006. The bill passed the House and was heard by the Senate Finance Committee, but no further action was taken.

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 12, 2007
ncs/hlb

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