

Department of Legislative Services  
2012 Session

FISCAL AND POLICY NOTE

House Bill 1124

(St. Mary's County Delegation)

Environmental Matters

Education, Health, and Environmental Affairs

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**St. Mary's County Metropolitan Commission - Revisions and Corrections**

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This bill makes several changes to the law governing the St. Mary's County Metropolitan Commission (MetCom).

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** The bill will not have a direct fiscal impact on MetCom or St. Mary's County; although MetCom advises it will, among other things, correct an inconsistency that may otherwise subject it to a legal challenge that may possibly interfere with the timely collection of system improvement charges.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The bill makes several technical and corrective changes affecting MetCom. The bill also repeals requirements that:

- each sanitary district be a separate taxing district;
- notice of contemplated improvements include the distribution of handbills;
- the St. Mary's County Commissioners decide whether a district "can stand the cost" of contemplated improvements; and
- MetCom must impose and collect a reasonable connection fee that is no less than the actual cost of connection, for every new water and sewer connection.

A prohibition against a change of sanitary district lines adversely affecting outstanding bonds and obligations is likewise repealed.

Further, the bill:

- requires MetCom to impose and collect a system improvement charge for each property for which an equivalent dwelling unit (EDU) has been allocated, immediately after the EDU is allocated, regardless of whether or not a MetCom water distribution system or sewerage system has been built;
- alters the procedures for retiring and paying the interest on issued bonds;
- alters the amount at which competitive procurement is required from \$5,000 to \$10,000 and the types of expenditures for which competitive procurement is required;
- requires a capital contribution charge to be applied at a uniform rate for all residential, and for all commercial properties, respectively; the commission may create additional uniform rates for other property classifications that the commission considers necessary and appropriate;
- specifies that service rates for water supply and sewerage systems may include any State or federally mandated fees or charges;
- repeals the requirement that any bonds be issued for a particular sanitary district and alters the calculation of the total amount of the bond values to be based upon the property value in all sanitary districts in which public water or sewer facilities are located;
- expands the right of entry for MetCom employees or agents while in pursuit of official duties;
- specifies an exemption from system improvement charges for certain church properties;
- clarifies that the system improvement charge for property acquired for public use by the State, county, or any municipal corporation, commission, board, or agency of the State or county is to be paid in perpetuity; and
- specifies that if any property subject to a system improvement charge is acquired through eminent domain proceedings, the commission must be named a party to the proceedings, if necessary, and the final order must require the system improvement charges be paid current through the date of conveyance and must require the continued payment of the system improvement charge in perpetuity.

**Current Law:** For every property, whether improved or unimproved, binding on a street, road, lane, alley, right-of-way or easement in which a commission water distribution system or sewerage system has been built, MetCom must impose and collect a per EDU system improvement charge for every EDU allocated by the St. Mary's County Office of Land Use and Growth Management.

The system improvement charges must be assessed and payable on a monthly basis and must be used by the commission for costs associated with capital costs of central treatment facility performance upgrades; capital costs of the repair and replacement of existing water supply and/or sewer collection systems; and existing debt.

**Background:** MetCom was created by the General Assembly in 1957 to supply water and sewer service to residents in St. Mary's County. MetCom operates approximately 27 water systems and 4 sewer treatment plants and provided water service to approximately 41,000 people and sewer service to approximately 36,000 people.

Chapter 261 of 2007 restructured the fees imposed by MetCom by repealing its authority to impose benefit assessment charges, and instead providing for the imposition and collection of a connection fee, a capital contribution charge, and a system improvement charge.

Chapter 261 also authorized MetCom to annually revise both the capital contribution charge and the system improvement charge; exempted certain organizations and properties from having to pay the system improvement charge; and provided for the deferral of the system improvement charge for individuals under certain circumstances.

MetCom advises that the bill codifies current practice. The bill will also address an inconsistency between the current requirement that the system improvement charge be collected once a water distribution system or sewerage system has been built; and the current requirement that collection of the system improvement charge be initiated immediately after an EDU is allocated for water or sewer service. According to MetCom, initiation of collection of the system improvement charge upon allocation of the EDU is the intended method of applying the charge and consistent with the method of collecting the former benefit assessment charges. The bill will enable MetCom to continue collecting the system improvement charge for properties prior to the completion of a water and sewerage system.

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### **Additional Information**

**Prior Introductions:** HB 1510 of 2009 passed the House and received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** St. Mary's County, St. Mary's Metropolitan Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2012  
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