

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

House Bill 896

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

Environmental Matters

Education, Health, and Environmental Affairs

**The Washington Suburban Sanitary District Transparency and Rate Relief Act of
2012
PG/MC 107-12**

This bill establishes the Task Force to Study Rates and Charges in the Washington Suburban Sanitary District. The Washington Suburban Sanitary Commission (WSSC) must provide staff support for the task force. The task force must report its findings and recommendations to the Governor and the Montgomery County and Prince George's County legislative delegations by December 31, 2012. The bill also requires Prince George's County, beginning June 1, 2013, to add a notice on the property tax bill indicating the number of annual payments remaining for the WSSC front foot benefit charge.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal increase in WSSC expenditures relating to expense reimbursements for task force members and staffing costs. Prince George's County and the WSSC may incur additional costs relating to the inclusion of specified information on county property tax bills.

Small Business Effect: None.

Analysis

Bill Summary: The task force must: (1) determine whether other states have a cap on the percentage that a public utility may increase water and sewer usage rates in a single year; (2) complete a comparison of the water and sewer usage rates and rate increases charged by WSSC with rates charged in other states; (3) determine the effect of a General Assembly imposed rate cap or prepayment discount on the WSSC; (4) study the process developers follow in charging for the construction of and connection to water and sewer facilities; and (5) make recommendations on standards for construction of and connection to water and sewer facilities and improving transparency in these practices. The task force terminates on May 31, 2013.

Background: WSSC is the eighth largest water and wastewater utility in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George's counties. It has over 460,000 customer accounts, serves an area of around 1,000 square miles, and currently employs more than 1,500 people. The agency operates four reservoirs, two water filtration plants, and six wastewater treatment plants. Additionally, the Blue Plains Water Pollution Control Plant handles as much as 169 million gallons per day under a cost-sharing agreement with WSSC. The commission maintains nearly 5,500 miles of water main lines and over 5,400 miles of sewer main lines.

Current Water and Sewer Rates

Exhibit 1 shows WSSC water and sewer rate that are in effect for the year beginning July 1, 2011.

Exhibit 1
WSSC Water and Sewer Rates
Effective July 1, 2011
(rates per 1,000 gallons)

Average Daily Consumption (gallons)	Water Rate	Sewer Rate	Combined Rate
0-49	\$2.82	\$3.27	\$6.09
50-99	3.16	3.81	6.97
100-149	3.46	4.47	7.93
150-199	3.89	5.15	9.04
200-249	4.53	5.61	10.14
250-299	4.91	6.07	10.98
300-349	5.19	6.48	11.67
350-399	5.42	6.79	12.21
400-449	5.63	6.94	12.57
450-499	5.77	7.17	12.94
500-749	5.88	7.31	13.19
750-999	6.03	7.47	13.50
1,000-3,999	6.14	7.79	13.93
4,000-6,999	6.29	7.97	14.26
7,000-8,999	6.36	8.09	14.45
9,000 or more	6.48	8.30	14.78

Source: Washington Suburban Sanitary Commission

Front Foot Benefit Charges

In the year following completion of water and/or sewer main construction, connecting improved or abutting unimproved properties are assessed a front foot benefit charge (FFBC). The assessment is required by law to repay funds borrowed by WSSC for water and/or sewer main construction. The charge appears on the property tax bill for 23 years, but may be paid in full at any time. The FFBC assessment is determined by multiplying property footage by the rate per foot for the appropriate property classification. **Exhibit 2** shows the current FFBC and deferred house connection rate schedules for residential properties. These rates are updated annually. The 23-year bond period has

been levied for properties since 1983. Earlier years assessments could range from 33 to 50 years.

Exhibit 2
Front Foot Benefit Rate Schedule
(Per Foot per Year)

<u>Assessment Length</u>	<u>Assessment Rate for Water</u>	<u>Assessment Rate for Sewer</u>
1st 150 feet	\$4.00	\$6.00
2nd 150 feet	3.00	4.50
Over 300 feet	2.00	3.00

Deferred House Connection Rate Schedule

	<u>Annual Rates (Unimproved)</u>	<u>Annual Rates (Improved)</u>
1" Water Connection	\$131.79	\$427.61
1.5" Water Connection	161.23	441.63
2" Water Connection	190.67	457.05
4" or 6" Sewer Connection	206.09	633.70

Source: Washington Suburban Sanitary Commission

Additional Information

Prior Introductions: HB 1115 of 2011, a similar bill, received a hearing in the House Appropriations Committee, but no further action was taken. Its cross file, SB 684 received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: None.

Information Source(s): Montgomery and Prince George's counties, Property Tax Assessment Appeals Board, Judiciary (Administrative Office of the Courts), Washington Suburban Sanitary Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2012
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