

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 157 (Senator Conway, *et al.*)
Education, Health, and Environmental Affairs

**Baltimore City - Fees and Penalties for Unpaid Water and Sewer Usage Charges
for Residential Customers**

This bill prohibits Baltimore City from imposing a fee or penalty of more than \$500 per year on a residential customer for unpaid water or sewer usage charges.

Fiscal Summary

State Effect: None.

Local Effect: None. Based on current practices and procedures for dealing with delinquent water and sewer bills, this legislation is not expected to materially affect Baltimore City operations or finances.

Small Business Effect: None.

Analysis

Current Law: Baltimore City is authorized to establish, operate, maintain, regulate, and control a system of water supply and to make charges for the consumption or use of such water; to appoint watchmen or police officers for the protection of its water supply within or outside the city limits. The city is authorized to turn off and discontinue the supply of water furnished by the city to any person or property located in or outside of the city due to the nonpayment of any fee or charge for water supplied or for work done in connection with the furnishing of such water until such unpaid fee or charge is fully paid; and to regulate, in or outside of the city, the installation of water supply service connections from the Baltimore City water supply system in such manner as to prevent the existence of cross connections between such source of supply and any private system of water supply that may exist within the premises served.

Background: As shown in **Exhibit 1**, 362 properties in Baltimore City went to tax sale solely for delinquent water charges in fiscal 2012. The total lien amount for these properties was approximately \$624,300. Through the threat of foreclosure and the potential for the property being sold at a tax sale, Baltimore City is enabled to recover a significant amount of delinquent water and sewer charges.

Local Fiscal Effect: Baltimore City currently imposes a penalty of 5% of the outstanding water and sewer balance on a quarterly basis. In addition, Baltimore City sends dunning notices (a notice to a debtor demanding payment on a delinquent account) to ratepayers when delinquencies reach \$350 and the unpaid charges are at least three-quarters in arrears. Unpaid accounts can result in the property being referred to a tax sale proceeding.

Baltimore City advises that based on current practices regarding penalties and potential tax sale for unpaid water and sewer charges, the legislation will have no practical effect on city finances as it is unlikely that residential customers will be able to accumulate an amount of outstanding water and sewer charges that will be subject to a \$500 fine.

Exhibit 1
Delinquent Water Accounts in Baltimore City
Referred to Property Tax Sale

<u>Tax Sale Date</u>	<u>Water-only Liens in Tax Sale</u>	<u>Value of Water-only Liens</u>
May 2011	750	\$1,084,308
May 2012	362	624,335
Total	1,112	\$1,708,643

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2013
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