

# HOUSE BILL 320

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HB 1552/16 – ENV

71r0832

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By: **Montgomery County Delegation and Prince George’s County Delegation**  
Introduced and read first time: January 25, 2017  
Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Polybutylene Connection Pipe**  
3 **Replacement Loan Program**

4 **MC/PG 109–17**

5 FOR the purpose of requiring the Washington Suburban Sanitary Commission to establish  
6 a Polybutylene Connection Pipe Replacement Loan Program for replacement of  
7 certain pipes on certain property; requiring the Program to provide for certain  
8 eligibility requirements; requiring the Program to provide for loan terms and  
9 conditions, including a certain interest rate; requiring that the replacement of  
10 certain pipes be performed by a licensed plumber; prohibiting the Commission from  
11 replacing certain pipes; requiring the Program to require certain customers to repay  
12 the loan through a charge on the customer’s water and sewer bill or in another  
13 method determined by the Commission; prohibiting the Commission from setting a  
14 charge greater than an amount that allows the Commission to cover certain costs;  
15 providing that a person who acquires property subject to a certain charge assumes  
16 the obligation to pay the charge; providing that each loan provided under the  
17 Program is a lien against certain property and that the Commission is the sole holder  
18 of the lien; requiring the Commission to record a certain lien in the land records of  
19 the county where the property is located; prohibiting a certain lien for a certain loan  
20 with a certain principal amount from being established without a certain express  
21 consent; providing that a certain lien shall secure payment of a certain loan;  
22 providing that enforcement of a certain lien shall be in accordance with a certain act;  
23 prohibiting a certain lien from taking priority over a certain existing lien, mortgage,  
24 deed of trust, or other security interest; prohibiting the Program from providing more  
25 than a certain amount in loans; establishing a Polybutylene Connection Pipe  
26 Replacement Fund; specifying the purpose of the Fund; requiring the Commission to  
27 administer the Fund; specifying the contents of the Fund; specifying the purpose for  
28 which the Fund may be used; defining a certain term; providing for the termination

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 of this Act; and generally relating to the Polybutylene Connection Pipe Replacement  
2 Loan Program of the Washington Suburban Sanitary Commission.

3 BY adding to

4 Article – Public Utilities

5 Section 23–205

6 Annotated Code of Maryland

7 (2010 Replacement Volume and 2016 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
9 That the Laws of Maryland read as follows:

10 **Article – Public Utilities**

11 **23–205.**

12 **(A) THE COMMISSION SHALL ESTABLISH A POLYBUTYLENE CONNECTION**  
13 **PIPE REPLACEMENT LOAN PROGRAM.**

14 **(B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE LOANS TO**  
15 **RESIDENTIAL CUSTOMERS TO FINANCE THE REPLACEMENT OF MALFUNCTIONING**  
16 **POLYBUTYLENE PIPES ON CUSTOMER PROPERTY LOCATED IN THE COMMISSION’S**  
17 **SERVICE TERRITORY THAT CONNECT FROM SERVICE CONNECTIONS TO CUSTOMER**  
18 **RESIDENCES.**

19 **(C) THE PROGRAM SHALL:**

20 **(1) PROVIDE FOR ELIGIBILITY REQUIREMENTS FOR PARTICIPATION**  
21 **IN THE PROGRAM, INCLUDING ELIGIBILITY REQUIREMENTS FOR:**

22 **(I) THE TYPE OF CONNECTION PIPE THAT IS BEING INSTALLED**  
23 **TO REPLACE THE EXISTING POLYBUTYLENE CONNECTION PIPE; AND**

24 **(II) CUSTOMERS APPLYING FOR A LOAN THROUGH THE**  
25 **PROGRAM;**

26 **(2) PROVIDE FOR LOAN TERMS AND CONDITIONS, INCLUDING AN**  
27 **INTEREST RATE THAT MAY NOT EXCEED THE PRIME RATE APPLICABLE ON THE DAY**  
28 **THE LOAN IS MADE;**

29 **(3) REQUIRE THAT THE REPLACEMENT OF MALFUNCTIONING**  
30 **POLYBUTYLENE PIPES UNDER THE PROGRAM BE PERFORMED BY A LICENSED**  
31 **PLUMBER; AND**

1           **(4) PROHIBIT THE COMMISSION FROM REPLACING MALFUNCTIONING**  
2 **POLYBUTYLENE PIPES UNDER THE PROGRAM.**

3           **(D) (1) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**  
4 **PROGRAM SHALL REQUIRE A CUSTOMER TO REPAY A LOAN PROVIDED UNDER THE**  
5 **PROGRAM:**

6                   **(I) THROUGH A SEPARATE CHARGE ON THE CUSTOMER'S**  
7 **WATER AND SEWER BILL; OR**

8                   **(II) BY ANOTHER METHOD DETERMINED BY THE COMMISSION.**

9           **(2) THE COMMISSION MAY NOT SET A CHARGE GREATER THAN AN**  
10 **AMOUNT THAT ALLOWS THE COMMISSION TO RECOVER THE COSTS ASSOCIATED**  
11 **WITH:**

12                   **(I) FINANCING THE LOAN; AND**

13                   **(II) ADMINISTERING THE PROGRAM.**

14           **(3) A PERSON WHO ACQUIRES PROPERTY SUBJECT TO A CHARGE**  
15 **UNDER THIS SECTION ASSUMES THE OBLIGATION TO PAY THE CHARGE.**

16           **(E) (1) SUBJECT TO PARAGRAPHS (4) AND (5) OF THIS SUBSECTION, A**  
17 **LOAN PROVIDED UNDER THE PROGRAM SHALL BE A LIEN AGAINST THE PROPERTY**  
18 **ON WHICH THE MALFUNCTIONING POLYBUTYLENE PIPE HAS BEEN REPLACED THAT**  
19 **CONTINUES UNTIL THE LOAN IS PAID IN FULL TO THE COMMISSION.**

20                   **(2) THE COMMISSION SHALL BE A SOLE HOLDER OF THE LIEN**  
21 **ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

22                   **(3) (I) THE COMMISSION SHALL RECORD A LIEN ESTABLISHED**  
23 **UNDER THIS SUBSECTION IN THE LAND RECORDS OF THE COUNTY WHERE THE**  
24 **PROPERTY IS LOCATED.**

25                   **(II) A LIEN ESTABLISHED UNDER THIS SUBSECTION SHALL**  
26 **SECURE PAYMENT OF A LOAN, INCLUDING THE PRINCIPAL, INTEREST, LATE**  
27 **CHARGES, COST OF COLLECTION, AND REASONABLE ATTORNEY'S FEES.**

28                   **(III) ENFORCEMENT OF A LIEN ESTABLISHED UNDER THIS**  
29 **SUBSECTION SHALL BE IN ACCORDANCE WITH THE MARYLAND CONTRACT LIEN**  
30 **ACT.**

1           **(4) IF A LOAN PROVIDED UNDER THIS SECTION WILL BE IN THE**  
2 **PRINCIPAL AMOUNT OF \$15,000 OR GREATER, A LIEN MAY NOT BE ESTABLISHED**  
3 **UNDER THIS SUBSECTION WITHOUT THE EXPRESS PRIOR CONSENT OF ANY HOLDER**  
4 **OF A MORTGAGE OR DEED OF TRUST ON A PROPERTY ON WHICH THE**  
5 **MALFUNCTIONING POLYBUTYLENE PIPE IS EXPECTED TO BE REPLACED THROUGH**  
6 **A LOAN PROVIDED UNDER THE PROGRAM.**

7           **(5) A LIEN ESTABLISHED UNDER THIS SUBSECTION MAY NOT TAKE**  
8 **PRIORITY OVER A LIEN, MORTGAGE, DEED OF TRUST, OR OTHER SECURITY**  
9 **INTEREST THAT IS:**

10           **(I) ALREADY ATTACHED TO THE PROPERTY AT THE TIME THE**  
11 **LIEN ESTABLISHED UNDER THIS SUBSECTION IS RECORDED; OR**

12           **(II) GIVEN TO SECURE A LOAN TO:**

13                   **1. PURCHASE THE PROPERTY SUBJECT TO THE LIEN**  
14 **ESTABLISHED UNDER THIS SUBSECTION; OR**

15                   **2. REFINANCE A LOAN THAT IS ALREADY ATTACHED TO**  
16 **THE PROPERTY AT THE TIME THE LIEN ESTABLISHED UNDER THIS SUBSECTION IS**  
17 **RECORDED.**

18           **(6) THE PROGRAM MAY NOT PROVIDE MORE THAN \$1,000,000 TOTAL**  
19 **IN LOANS.**

20           **(F) (1) IN THIS SUBSECTION, “FUND” MEANS THE POLYBUTYLENE**  
21 **CONNECTION PIPE REPLACEMENT FUND.**

22           **(2) THERE IS A POLYBUTYLENE CONNECTION PIPE REPLACEMENT**  
23 **FUND.**

24           **(3) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR THE**  
25 **POLYBUTYLENE CONNECTION PIPE REPLACEMENT LOAN PROGRAM.**

26           **(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE FUND**  
27 **SHALL BE ADMINISTERED SOLELY BY THE COMMISSION.**

28           **(5) THE FUND CONSISTS OF:**

29                   **(I) MONEY APPROPRIATED BY THE COMMISSION FROM**  
30 **RATEPAYER FUNDS ONLY;**

31                   **(II) ANY INVESTMENT EARNINGS OF THE FUND; AND**

1                   **(III) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**  
2 **FOR THE BENEFIT OF THE FUND.**

3                   **(6) THE FUND MAY BE USED ONLY FOR PROVIDING LOANS THROUGH**  
4 **THE PROGRAM.**

5           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2017. It shall remain effective for a period of 10 years and, at the end of  
7 September 30, 2027, with no further action required by the General Assembly, this Act  
8 shall be abrogated and of no further force and effect.