

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 397

(Senator Astle)

Finance

Economic Matters

Public Utilities - Apartment Houses and Commercial Buildings - Service Charges

This bill increases the maximum monthly service charge that an owner, operator, or manager of an apartment house, office building, or shopping center may collect to cover administrative costs and billing for submeters. The maximum amount is increased from \$1 per unit per month to the actual cost, up to \$5 per unit per month. Similarly, the bill allows an owner, operator, or manager of an apartment house to collect a monthly service charge for energy allocation systems for the actual cost, up to \$5 per unit.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law/Background: The bill affects two similar gas and electric billing systems that are allowed under current law for apartment buildings and some commercial properties with multiple tenants. In short, submetering involves measuring actual energy usage, with a submeter, and billing for that exact amount. Energy allocation systems, in contrast, measure approximate energy use and bill accordingly. Regardless, they both essentially accomplish the same task of apportioning one large utility bill down to individual units, based either on actual usage or an approximation thereof. Both billing systems are subject to specified standards and requirements by the Public Service Commission (PSC).

Under current law, with submetered billing, the owner, operator, or manager of an apartment house, office building, or shopping center may collect an additional service charge of up to \$1 per unit per month to cover administrative costs and billing.

Current law does not authorize a service charge for administrative costs and billing associated with an energy allocation system, and PSC regulations prohibit such a charge.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2018
mag/lgc Third Reader - March 16, 2018
Revised - Amendment(s) - March 16, 2018

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