

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1195 (Montgomery County Delegation and Prince George's
County Delegation)

Environment and Transportation

Washington Suburban Sanitary Commission - Membership, Transparency,
Billing, and Planning (WSSC Transparency and Reform Act of 2025)
MC/PG 105-25

This bill alters the membership and operations of the Washington Suburban Sanitary Commission (WSSC). The commission is prohibited from limiting how often customers may receive billing adjustments under Section 3.20.040(A) or (B) of the WSSC Code of Regulations. In addition, WSSC is required to develop long-range planning scenarios for its operating and capital budgets and debt service. WSSC must study the feasibility of using differential rates among different customer classes and appoint a representative to serve on the coordinating committee. The Office of Program Evaluation and Government Accountability (OPEGA) in the Department of Legislative Services is required to conduct a review of the efficiency and sustainability of WSSC operations. **Provisions related to the commission's feasibility study on differential rates terminate on October 31, 2026, and provisions related to the required review by OPEGA terminate on October 31, 2027.**

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances. OPEGA can handle the bill's review requirements with existing resources.

Local Effect: WSSC revenues decrease by \$850,000 in FY 2026, and by \$1.1 million annually thereafter as a result of increased high bill adjustments. WSSC expenditures increase by \$157,500 in FY 2026 and by \$210,000 annually thereafter for two additional staff positions to review high bill adjustment requests. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary:

Membership of the Commission

The bill requires the Director of the Montgomery County Department of Environmental Protection, or the director's designee, to serve as one of the WSSC commissioners appointed from Montgomery County. The individual would not receive any additional compensation for the duties performed as a commissioner.

Long-range Planning

For fiscal 2026 and every five fiscal years thereafter, WSSC must develop long-range planning scenarios for its operating and capital budgets and debt service. These scenarios must include (1) projections that do not include *ad valorem* taxes; (2) projections that include a range of *ad valorem* taxes; and (3) stress testing the impact of a wide range of economic conditions that could affect WSSC and its financial solvency, including changes in employment rates, interest rates, and water usage.

WSSC must publish a copy of any stress testing for any long-range planning scenarios on its website.

Additional Website Reporting Requirements

The bill updates the types of information that WSSC is required to report on its website and modifies provisions related to the frequency of customer billing and billing adjustments. Specifically, the commission is required to publish on its website all bond rating reports issued for WSSC from one of the major credit rating agencies including copies of any audits or financial statements provided in relation to a bond rating report.

The commission must also publish on its website specified data related to the refund hearing board and dispute resolution board including (1) the number of cases filed; (2) the number of cases closed; (3) the number of cases granted; (4) the number of cases denied; (5) the refund amount requested in each case; and (6) the refund amount granted in each case. Any data provided may not contain any personally identifiable information.

Feasibility Study

The bill requires WSSC to study the feasibility of using differential rates among different customer classes for the commission's service rates and charges, including studying the revenue possibilities of and economic impact on the different customer classes. By

October 1, 2026, WSSC must report its findings to the members of the Montgomery County and Prince George's County delegations.

Review by the Office of Program Evaluation and Government Accountability

OPEGA is required to conduct a review of the efficiency and sustainability of WSSC operations. The study must include (1) a review of the statutory provisions related to WSSC; (2) a review of WSSC's budgetary process; (3) a review of WSSC's process for entering into consent decrees; (4) a review of the subject matter expertise of appointed commissioners; (5) benchmarking with other systems across a range of operating cost metrics related to the efficiency and sustainability of WSSC; (6) a review of the effectiveness of the WSSC's capital program and its ability to maintain water and sewer distribution pipelines and processing plants that meet asset management standards; (7) a study on the commission's use of its police force; (8) an analysis on the impact of WSSC not being a government entity in the context of access to government programs that provide customer water assistance or other available funding; (9) a review of the role the Public Service Commission plays in oversight of the commission; and (10) an analysis of whether the Office of the Inspector General of WSSC is effective in achieving the purposes of the office.

By October 1, 2027, OPEGA must report its findings and recommendations to the members of the Montgomery County and Prince George's County delegations.

Other Provisions

The bill establishes that it is the intent of the General Assembly for WSSC to bill its customers monthly. The bill prohibits the commission from billing customers twice a year.

The bill requires WSSC to appoint a representative to serve on the coordinating committee established under Part IV of the Avenel Farm Development Plan Master Agreement of 1984.

Current Law: WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.9 million residents in Montgomery and Prince George's counties. It has more than 475,000 customer accounts, serves an area of nearly 1,000 square miles, and has a network of 5,900 miles of drinking water pipeline and over 5,600 miles of sewer main lines.

WSSC has six commissioners: three from Montgomery County; and three from Prince George's County. Each commissioner from Prince George's County must be a resident of the sanitary district, and all commissioners must be a registered voter of the county they represent. The commissioners are appointed by their respective county

executive subject to the confirmation of the county council. In Montgomery County, no more than two commissioners may be from the same political party.

The members of the commission receive the following annual salaries:

- the chair receives \$13,500,
- the vice-chair receives \$13,000, and
- a commissioner receives \$13,000.

Billing

WSSC is authorized to bill for water and sewage usage to each property monthly, every other month, four times a year, or twice a year, as determined by WSSC.

High Bill Adjustments

Generally, under Chapter 3.20 of WSSC's Code of Regulations, if a single unit residential owner receives a bill with an average daily consumption (ADC) that is at least three times the comparable ADC, WSSC must make an adjustment at the customer's request. A comparable ADC is a property's daily average consumption one year earlier during the same or roughly the same period as the bill for which an adjustment is requested. In such a case, WSSC waives 50% of the water and sewer use in excess of the property's comparable ADC, or current ADC if the comparable data is unavailable. A customer may only receive one high bill adjustment for up to two consecutive billing periods in any three-year period.

A single-unit commercial property account holder, that is not eligible for any other adjustments, can also request a one-time high bill adjustment if they receive a bill with an ADC that is three times that of the comparable ADC or the current ADC if the comparable data is unavailable. In such a case, WSSC waives 25% of the water and sewer use in excess of the comparable ADC, or the current ADC if the comparable data is unavailable. A customer may receive such an adjustment only once, for up to two consecutive billing periods.

WSSC Website

The WSSC is responsible for reporting various information to the public on a searchable website it maintains. The website must contain WSSC payment data including the name and location of each payee and the amount of the payment. A payee is defined as a person that receives from WSSC an aggregate payment of \$25,000 in a single fiscal year, not including employees or retirees of WSSC. The website must allow the user to search data for fiscal 2019 and each fiscal year thereafter for data fields including the name and

location of the payee. Any information that is required to be kept confidential under federal, State, or local law is not to be included.

WSSC Financial Reports

WSSC is required to (1) publish annually in at least one newspaper in Montgomery County and one newspaper in Prince George's County a copy of its current financial statement; (2) employ a certified public accountant licensed to practice in the State to audit its books and accounts; (3) make available for public inspection during business hours at its principal office the annual audit and current financial statement; and (4) file a certified copy of its annual audit and current financial statement annually with the county executives and county councils of Montgomery and Prince George's counties, as well as to each county's Senate and House delegations to the Maryland General Assembly.

Long-range Planning Scenarios

WSSC advises that it is their current practice to conduct various long-range planning scenarios like those specified in the bill.

State Fiscal Effect: OPEGA anticipates being able to conduct the required review and prepare and present the required report with existing budgeted resources. However, to the extent that the bill's requirements cannot be absorbed by existing staff, general fund expenditures increase in fiscal 2026, 2027, and 2028 for OPEGA to hire additional staff and/or obtain contractual assistance. OPEGA advises it currently has four employees on staff to handle reviews and estimates the review required under the bill would result in approximately 3,000 work hours. OPEGA also notes that the bill's requirements will limit its ability to handle existing review responsibilities.

Local Fiscal Effect: WSSC estimates that high bill adjustments may increase by 20% under the bill, which would decrease revenues by approximately \$850,000 in fiscal 2026 and by \$1.1 million annually thereafter. To process these additional high bill adjustments, WSSC indicates that two additional staff positions will be required at an estimated cost of \$157,500 in fiscal 2026, and by \$210,000 annually thereafter. This estimate includes salary and related fringe benefits.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Washington Suburban Sanitary Commission; Prince George's County; Department of Legislative Services

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