

HOUSE BILL 1024

L5

4lr0683

By: **Prince George's County Delegation and Montgomery County Delegation**

Introduced and read first time: February 5, 2024

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

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

4 **PG/MC 101–24**

5 FOR the purpose of expanding the Connection Pipe Emergency Replacement Loan Program
6 to include certain sewer pipes and diagnostic actions; altering the maximum amount
7 of a loan that may be made under the Program; altering the total amount of loans
8 that the Program may provide or have outstanding; altering the amount of funding
9 and fiscal years for which the Washington Suburban Sanitary Commission must
10 include funding for the Program in the Commission's budget; and generally relating
11 to the Washington Suburban Sanitary Commission Connection Pipe Emergency
12 Replacement Loan Program.

13 BY repealing and reenacting, with amendments,
14 Article – Public Utilities
15 Section 23–205
16 Annotated Code of Maryland
17 (2020 Replacement Volume and 2023 Supplement)

18 BY repealing and reenacting, with amendments,
19 Chapter 539 of the Acts of the General Assembly of 2018
20 Section 2

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

23 **Article – Public Utilities**

24 23–205.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) (1) In this section the following words have the meanings indicated.

(2) “Fund” means the Connection Pipe Emergency Replacement Fund.

(3) (i) “Pipe” means a water **OR SEWER** service pipe connection located on a Commission customer’s property that connects from the Commission’s service connection to a customer’s residence.

(ii) “Pipe” includes polybutylene pipes.

(4) “Program” means the Connection Pipe Emergency Replacement Loan Program.

(b) The Commission shall establish a Connection Pipe Emergency Replacement Loan Program.

(c) The purpose of the Program is to provide loans to residential customers to **DIAGNOSE AND** finance the replacement of malfunctioning pipes.

(d) The Program shall include:

(1) eligibility requirements for participation in the Program, including eligibility requirements for:

(i) customers applying to receive a loan through the Program;

(ii) the type of connection pipe that is being installed to replace the existing connection pipe; **[and]**

(iii) the type of malfunction and pipe replacement emergency that qualifies for the Program; **AND**

(IV) THE TYPE OF DIAGNOSTIC ACTION THAT QUALIFIES FOR THE PROGRAM;

(2) a requirement that a customer receive notification or have certification that there is an active leak in **[a] THE pipe THAT WILL BE REPLACED;**

(3) loan terms and conditions, including an interest rate repayment schedule and an administrative processing fee;

(4) a requirement that the replacement of malfunctioning pipes **OR A DIAGNOSTIC ACTION TAKEN** under the Program be performed by a plumber licensed by the Commission; and

(5) a prohibition on the Commission replacing malfunctioning pipes under the Program.

(e) (1) The Program shall provide loans to customers on a first-come, first-served basis.

(2) A loan made under the Program may not exceed [~~\$5,000~~] **\$10,000**.

(3) A customer may not receive more than one loan at a time under the Program.

(f) (1) Subject to paragraph (3) of this subsection, the Program shall require a customer to repay a loan provided under the Program:

(i) through a separate charge on the customer's water and sewer bill; or

(ii) by another method determined by the Commission.

(2) The Commission may not set a charge greater than an amount that allows the Commission to recover the costs associated with:

(i) financing the loan; and

(ii) administering the Program.

(3) A person who acquires property subject to a charge under this section assumes the obligation to pay the charge.

(g) (1) **(I)** Subject to paragraph (4) of this subsection, a loan provided under the Program shall be a lien against the property on which ~~[the] A~~ malfunctioning pipe has been replaced ~~[that continues]~~ **OR A DIAGNOSTIC ACTION HAS BEEN TAKEN.**

(II) A LIEN UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL CONTINUE until the loan is paid in full to the Commission.

(2) The Commission shall be ~~[a]~~ **THE** sole holder of the lien established under paragraph (1) of this subsection.

(3) (i) The Commission shall record a lien established under this subsection in the land records of the county where the property is located.

(ii) A lien established under this subsection shall secure payment of a loan, including the principal, interest, late charges, cost of collection, and reasonable attorney's fees.

(iii) Enforcement of a lien established under this subsection shall be in accordance with the Maryland Contract Lien Act.

(4) A lien established under this subsection may not take priority over a lien, mortgage, deed of trust, or other security interest that is:

(i) already attached to the property at the time the lien established under this subsection is recorded; or

(ii) given to secure a loan to:

1. purchase the property subject to the lien established under this subsection; or

2. refinance a loan that is already attached to the property at the time the lien established under this subsection is recorded.

(5) The Program may not provide, or at any time have outstanding, more than ~~[\$1,000,000]~~ **\$2,000,000** total in loans.

(h) The Commission shall include ~~[\$100,000]~~ **\$200,000** annually in the Commission's budget for the Program for fiscal years 2020 through ~~[2029]~~ **2034**.

(i) (1) There is a Connection Pipe Emergency Replacement Fund.

(2) The purpose of the Fund is to provide funding for the Program.

(3) Notwithstanding any other provision of law, the Fund shall be administered solely by the Commission or the Commission's designee.

(4) The Fund consists of:

(i) money appropriated by the Commission from ratepayer funds only;

(ii) any investment earnings of the Fund; and

(iii) any other money from any other source accepted for the benefit of the Fund.

(5) The Fund may be used only for:

(i) providing loans through the Program; and

(ii) the administration of the Program.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2018. It shall remain effective for a period of **[11] 16** years and, at the end of June 30,
3 **[2029] 2034**, this Act, with no further action required by the General Assembly, shall be
4 abrogated and of no further force and effect.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
6 1, 2024.