



Senate Bill 546

Environment – Water Service – Shutoff Notice Disclosures and Vulnerable Population Protection

MACo Position: **OPPOSE**

To: Education, Health, & Environmental Affairs
Committee

Date: February 21, 2017

From: Barbara Zektick & Les Knapp

The Maryland Association of Counties (MACo) **OPPOSES** SB 546. This bill requires water and wastewater system providers to follow a strict and rigorous process before shutting off services for nonpayment, rendering that enforcement unusable in many cases. In addition, it explicitly prevents a provider from shutting off service in a wide range of situations.

MACo is concerned that the bill unjustly alleviates delinquent account holders from the responsibility of funding key infrastructure, at the expense of timely paying customers. Counties often budget for water and wastewater systems using enterprise funds, meaning that they recover costs for services almost primarily through user fees. They must meet their obligations to maintain their systems – so when they cannot collect on delinquent accounts, they must raise rates on all other users to recover the lost funds. This problem is exacerbated when the service provider must continue to expend resources to provide utilities to customers with severely delinquent accounts. While this bill nobly seeks to accommodate customers in need, the result unjustly reassigns infrastructure costs to those who opt to timely pay.

Additionally, the processes required by the bill are burdensome. Service providers may not have the means to readily determine whether property occupants qualify for the protections provided by the bill. Once the required notices include all of the specified terms, they will likely end up lengthy, cumbersome, and difficult to understand. Further, requiring public works professionals to enter private property to post notices could place their public safety at risk. Counties would have to bear greater administrative costs and burden to comply with the bill's significant reporting requirements – costs and burden that will also likely result in still higher rates to customers who pay their bills on time.

Finally, the bill is unnecessary. Each jurisdiction providing these services has a process in place for notifying residents of unpaid bills and for collecting past due payments. This process involves sending a cancellation notice after payments become overdue but before water shut-off. The timeframe varies based on the county, but all counties send notices - some multiple - prior to shutting off service.

The ability to discontinue a resident's water or sewer service, or the potential of discontinuing the service, presents a much-needed device to ensure water users remit payment for their fair share of fees and charges connected to public services. SB 546 removes this leverage and undoubtedly would create many more deficient accounts for water and sewer bills from lack of enforcement – leading to increased rates on citizens who properly pay. For these reasons, MACo **OPPOSES** SB 546 and urges an **UNFAVORABLE** report.