

Chapter 539

(House Bill 408)

AN ACT concerning

Washington Suburban Sanitary Commission – Connection Pipe Emergency Replacement Loan Program**PG/MC 103–18**

FOR the purpose of requiring the Washington Suburban Sanitary Commission to establish a Connection Pipe Emergency Replacement Loan Program for replacement of certain pipes on certain property; requiring the Program to provide for certain eligibility requirements; requiring the Program to include a requirement regarding notification or certification of an active leak; requiring the Program to provide for loan terms and conditions, including a certain interest rate; requiring that the replacement of certain pipes be performed by a plumber licensed by the Commission; prohibiting the Commission from replacing certain pipes; requiring the Program to provide loans on a first-come, first-served basis; prohibiting a loan made under the Program from exceeding a certain amount; prohibiting a customer from receiving more than one loan at a time under the Program; requiring the Program to require certain customers to repay the loan through a charge on the customer's water and sewer bill or in another method determined by the Commission; prohibiting the Commission from setting a charge greater than an amount that allows the Commission to cover certain costs; providing that a person who acquires property subject to a certain charge assumes the obligation to pay the charge; providing that each loan provided under the Program is a lien against certain property and that the Commission is the sole holder of the lien; requiring the Commission to record a certain lien in the land records of the county where the property is located; providing that a certain lien shall secure payment of a certain loan; providing that enforcement of a certain lien shall be in accordance with a certain act; prohibiting a certain lien from taking priority over a certain existing lien, mortgage, deed of trust, or other security interest; prohibiting the Program from providing more than a certain amount in loans or having more than a certain amount of outstanding loans; requiring the Commission to provide a certain amount of funding in the Commission's budget for certain fiscal years; establishing a Connection Pipe Emergency Replacement Fund; specifying the purpose of the Fund; requiring the Commission to administer the Fund; specifying the contents of the Fund; specifying the purpose for which the Fund may be used; defining certain terms; providing for the termination of this Act; and generally relating to the Connection Pipe Emergency Replacement Loan Program of the Washington Suburban Sanitary Commission or the Commission's designee.

BY adding to

Article – Public Utilities

Section 23–205

Annotated Code of Maryland

(2010 Replacement Volume and 2017 Supplement)

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

Article – Public Utilities

23–205.

(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 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 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;

(2) A REQUIREMENT THAT A CUSTOMER RECEIVE NOTIFICATION OR HAVE CERTIFICATION THAT THERE IS AN ACTIVE LEAK IN A PIPE;

(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 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.

(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) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, A LOAN PROVIDED UNDER THE PROGRAM SHALL BE A LIEN AGAINST THE PROPERTY ON

WHICH THE MALFUNCTIONING PIPE HAS BEEN REPLACED THAT CONTINUES UNTIL THE LOAN IS PAID IN FULL TO THE COMMISSION.

(2) THE COMMISSION SHALL BE A 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 TOTAL IN LOANS.

(H) THE COMMISSION SHALL INCLUDE \$100,000 ANNUALLY IN THE COMMISSION'S BUDGET FOR THE PROGRAM FOR FISCAL YEARS 2020 THROUGH 2029.

(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.

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

Approved by the Governor, May 8, 2018.