



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland 21202

Legislation Details (With Text)

File #: 12-0032R **Version:** 0 **Name:** Water Bill Tax Lien Sale Moratorium
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On agenda: **Final action:** 1/28/2013
Enactment date: **Enactment #:**
Title: Water Bill Tax Lien Sale Moratorium

FOR the purpose of calling for a moratorium on the inclusion of properties in City tax sales solely based on unpaid water or sewer charges for a period of two years, or until the Department of Public Works and the Department of Finance can demonstrate to the Council that a viable and fair system of billing is in place for the Bureau of Water and Wastewater.

Sponsors: President Young, Carl Stokes, Sharon Green Middleton, Warren Branch, Nick Mosby, William "Pete" Welch, Rochelle Spector, Brandon M. Scott, Mary Pat Clarke, Edward Reisinger, James B. Kraft, Bill Henry, William H. Cole, IV, Robert Curran

Indexes: Liens, Resolution, Tax Liens, Water

Code sections:

Attachments: 1. 12-0032R - 1st Reader.pdf, 2. Finance - 12-0032R.pdf, 3. Law - 12-0032R.pdf, 4. DPW - 12-0032R.pdf, 5. Audits - 12-0032R.pdf, 6. Audits Water and Waste Water Review - 2012.pdf, 7. Finance - 12-0032R - Detailed Disposition Report.pdf, 8. FY13 - Water Bill Lien Review Report - 12-0032R.pdf, 9. FY14-Water Bill Lien Review Report - 12-0032R.pdf

Date	Ver.	Action By	Action	Result
1/28/2013	0	City Council	Withdrawn	
3/8/2012	0	The City Council	Referred for a Report	
3/8/2012	0	The City Council	Referred for a Report	
3/8/2012	0	The City Council	Referred for a Report	
3/8/2012	0	The City Council	Referred for a Report	
3/5/2012	0	City Council	Assigned	
3/5/2012	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
3/5/2012	0	City Council	Introduced	

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Council President Young and Councilmember Stokes

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Water Bill Tax Lien Sale Moratorium

FOR the purpose of calling for a moratorium on the inclusion of properties in City tax sales solely based on unpaid water or sewer charges for a period of two years, or until the Department of Public Works and the Department of Finance can demonstrate to the Council that a viable and fair system of billing is in place for the Bureau of Water and Wastewater.

Recitals

A February 2012 audit of the Bureau of Water and Wastewater in the Department of Public Works by the Department of Audits highlighted a number of concerns about the City's water billing system. Many of the issues raised by the audit are troubling, and several of them have the potential to lead to severe consequences for Baltimore residents.

For instance, the audit found that 18,266 properties had been billed solely based on estimates, with no actual meter readings, for an entire year or longer. This number included 2,678 accounts that had been billed based solely on estimates for at least 4 ½ years. The audit further found that customer efforts to correct these and other billing problems by requesting an actual meter reading often resulted in the customer subsequently being over-billed. According to a report generated for the auditors, \$31.7 million, or 25%, of the total adjusted water billings for the year studied resulted from estimated billings.

The problems with the Water and Wastewater billing system may be even more widespread than suggested by these numbers. A review of 70,000 households that the audit flagged as potentially affected by over-billing found that roughly 65,000 of them were likely overcharged but only about 12,000 had had their bills adjusted. DPW's follow up to the audit found that some 38,000 households were owed \$4.2 million.

Any unnecessary financial burden on families during these difficult economic times is harmful and unacceptable, but overcharges on water and sewer bills are especially dangerous because these charges are routinely converted into liens on homes when unpaid. These liens, in turn, can be sold or foreclosed on, potentially leading to a family losing its home over a bill of just a few hundred dollars. For example, 851 properties were included in the City's May 2010 Tax Sale solely because of unpaid water or sewer bills. Of these, 57 properties were included because of bills based on only estimates for 1 or more years. Some of these bills totaled less than \$700 and DPW's post-audit review suggested that in at least once instance a home would not have been eligible for the sale if actual, rather than estimated, water readings had been used for billing.

According to the Baltimore Sun, DPW acknowledges that its existing billing process will continue to produce these errors, and cannot be fixed, until many water meters and the current systems are replaced - a transition that DPW believes may take 3 to 4 years. During that time hundreds, or potentially thousands, of Baltimore residents could face foreclosure as the result of erroneous bills or unverified estimates of their water usage.

That is simply not an acceptable scenario. One of the audit's recommendations is for the Bureau of Water and Wastewater to commit to performing actual meter readings to determine if properties slated for inclusion in a City tax sale due to unpaid water or sewer charges may have been over or under billed because of estimated bills. Though this is a good recommendation, and deserves to be implemented, it does not go far enough to address the entire range of billing problems uncovered by the audit. Rather, until DPW can demonstrate that it has resolved its systematic billing issues, no property should be included in a tax sale solely for unpaid water or sewer charges.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Council calls for a moratorium on the inclusion of properties in City tax sales solely based on unpaid water or sewer charges for a period of two years, or until the Department of Public Works and the Department of Finance can demonstrate to the Council that a viable and fair system of billing is in place for the Bureau of Water and Wastewater.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Mayor, the Public Works Director, the Finance Director, and the Mayor's Legislative Liaison to the City Council.

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ccres/WaterMorat/tw

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