



House Bill 698

Local Government – Development Impact Fees, Surcharges, and Excise Taxes – Reporting

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: March 27, 2025

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS HB 698 WITH AMENDMENTS**. This bill requires counties to report certain data on the collection and use of impact fees. MACo amendments seek to make the requirements implementable across all 24 counties.

Impact fees are one-time charges imposed by counties on new developments to help cover the cost of public infrastructure and services needed due to growth. These fees fund projects like roads, schools, parks, and utilities, ensuring that new construction doesn't overwhelm existing capacity. Developers typically pay impact fees before receiving building permits, and the amount is based on the projected impact of the development. Unlike in states such as California, Maryland counties must go through an analysis to determine appropriate levels of fees and these decisions are subject to judicial review. Additionally, counties are required to use the revenue generated in the impacted geographic area.

Counties recognize the intent of HB 698 in the interests of both transparency and good governance. Counties offer two points of clarification to ensure that the legislation is implementable.

MACo thanks the sponsor for being a strong partner to county governments in addressing the state's housing challenges. With the proposed amendments (included on the following page), HB 698 would recognize the diversity in data tracking across the state and would be implementable by all 24 county jurisdictions. For these reasons, **MACo urges the Committees to give HB 698 a report of FAVORABLE WITH AMENDMENTS.**

MACo Points of Clarification on HB 698:

Point of Clarification #1

Retain the amended reporting requirements adopted in SB 814 (the bill's crossfile), which required reporting to the Maryland Department of Planning. The Department currently receives and retains similar reports from counties. From an implementation standpoint, keeping this report within the Department will remove the confusion of multiple reporting requirements to different entities.

Point of Clarification #2

Retain the reporting requirements identified on page 3, lines 9 through 11 of SB 814, the bill's crossfile. This addition is a priority for the bill sponsor, and counties request this language be retained should the committee conform the broader bill to HB 698 as amended.

“(3) THE ADDRESS AND LOCATION OF THE DEVELOPMENT WITHIN THE COUNTY WHERE THE IMPACT FEES, SURCHARGES, OR EXCISE TAXES WERE DERIVED; AND”