

**Department of Legislative Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1009 (Charles County Delegation)  
Ways and Means

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**Charles County - Imposition of Impact Fees for School Construction**

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This bill increases the maximum impact fee that can be imposed on new residential construction in Charles County from \$3,500 to \$5,000 per unit. The Charles County Commissioners must conduct an annual study to determine the reasonableness of the school impact fees, and before October 1, 1998 must adopt a public school impact fee ordinance. In addition, the county may require up to 20% of the school impact fee to be paid at or after the approval of a preliminary subdivision plan and 80% to be paid before the issuance of an occupancy permit. Currently, Charles County requires 25% of the fee to be paid when the building permit is issued and 75% before the issuance of an occupancy permit. The bill also repeals the exemption from the impact fee for land developed for affordable housing for limited income families.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Charles County revenues could increase by \$816,400 beginning in FY 1999. Expenditures would not be affected.

**Small Business Effect:** Potential minimal.

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**Fiscal Analysis**

**Local Revenues:** Charles County currently imposes a \$3,500 impact fee on new single family detached homes and \$3,354 on new townhouses. This bill would increase the maximum impact fee to \$5,000 per dwelling unit. The impact fee must be based on an annual study. According to a study dated January 12, 1998, the school impact fee should total \$4,800 on a single family detached home and \$3,110 on a townhouse. Accordingly, the

school impact fee would increase by \$1,300 for single family detached homes and decrease by \$244 for townhouses. Based on the 1996 Charles County Comprehensive Plan, approximately 975 new residential units are projected to be constructed annually in fiscal 1999 and 2000 and 1,181 in fiscal 2001 through 2003. Over a five-year period, the bill would generate an additional \$4.6 million in revenue. **Exhibit 1** shows the impact for fiscal 1999.

**Exhibit 1**  
**Projected Revenue Increase Due to Higher Impact Fees**

Classification	Current Fee	Proposed Fee	Fee Increase	Units	Revenue Increase
Single Family Detached House	\$3,500	\$4,800	\$1,300	683	\$887,900
Townhouse	\$3,354	\$3,110	(\$244)	293	(\$71,492)
Total Revenue				975	\$816,408

**Local Expenditures:** The bill requires Charles County, as a condition of imposing an impact fee, to demonstrate a rational nexus benefit analysis for the fee through a comprehensive impact fee analysis. Charles County currently conducts such an analysis each year at a cost of around \$7,500. Thus this requirement would not result in any additional costs.

**Small Business Effect:** The bill would increase the fee on new residential construction by approximately 37% for single family homes. Developers would presumably pass these costs on to home buyers. While higher home prices may negatively impact some sales of new homes, it is not likely to significantly shift the demand for housing to other jurisdictions.

**Information Source(s):** Charles County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 16, 1998  
Inc Revised - House Third Reader - April 1, 1998

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