

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 709 (Prince George's County Delegation and Montgomery County Delegation)

Commerce and Government Matters

**Washington Suburban Sanitary District - System Development Charge - Exemption
PG/MC 25-00**

This bill exempts residential property located in a mixed retirement development in Prince George's County from the Washington Suburban Sanitary Commission (WSSC) system development charge.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None.

Local Effect: WSSC revenues from the collection of system development charges could decrease by up to \$2.2 million for a retirement community currently being built in Prince George's County, assuming all 800 units are built. The loss of revenues for future projects would depend on the number, size, and types of mixed retirement communities developed in Prince George's County. Prince George's County finances would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law: Retirement properties built in the Washington Suburban Sanitary District are subject to a system development charge, though the Montgomery and Prince George's county councils may grant full or partial exemptions from the 1998 increase in system development charges. The system development charge may not exceed \$200 per fixture unit.

Background: In 1998, the General Assembly approved an increase in the WSSC system development charge from \$160 to \$200 per fixture. Maximum charges were also set for certain types of dwellings. The legislation increasing the system development charges also authorized the Montgomery and Prince George's county councils to grant retirement developments full or partial exemptions from the increase.

There is currently only one development in Prince George's County that fits the "mixed retirement community" definition, the Cameron Grove senior citizen community now under construction in Largo. The first 150 units of the projected 800-unit development are now under construction. The development has been compared to the Leisure World community in Montgomery County.

Local Revenues: System development charges are imposed on new developments and are based on the type of property being developed and the number of toilets and other plumbing fixtures the property will require. For example, system development charges may not exceed \$2,000 per apartment unit, \$3,000 for dwellings with one or two toilets, or \$5,000 for dwellings with three or four toilets. The WSSC has estimated that it would lose \$413,000 in system development charge revenues from the first 150 units being built in Cameron Grove, an average of \$2,750 per unit. If the full 800-unit development is built and the average charge per unit remains the same, the WSSC could lose up to \$2.2 million in revenues. However, this projection does not include the discount of up to 20% that the Montgomery and Prince George's county councils may approve for mixed retirement communities. Information on the frequency of charge reductions granted to retirement community developers is not available. It is not known how many future retirement communities will be developed in Prince George's County.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington Suburban Sanitary Commission, Montgomery County, Prince George's County, Department of Legislative Services

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