

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 1049 (Cecil County Delegation)

Ways and Means

Cecil County - Development Excise Tax

This bill authorizes the Board of County Commissioners of Cecil County to impose, by law, a development excise tax for financing the capital costs of additional or expanded public facilities or improvements in the county. Before passing a law imposing the tax or changing the amount of the tax, the board must hold an advertised public hearing. The development excise tax will be imposed on a county-wide basis and must be paid at the time a building permit is issued for any new residential unit. The tax may not exceed \$3,500 per residential unit. All revenues acquired through the tax will be placed into a special account known as the "Capital Facilities Improvement Fund" and may only be used to pay for capital projects or for debt incurred on capital projects.

If passed by the General Assembly, the Act will be submitted to a referendum of voters at the November 2000 election. If a majority of ballots are cast for the referred law, it becomes law 30 days following the election. The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County revenues would increase by about \$2 million annually from the collection of development excise taxes. The referendum could be placed on the November ballot with the existing resources of the Cecil County Board of Elections.

Small Business Effect: Minimal.

Analysis

Current Law: Cecil County does not charge an excise tax on new development. The counties that do charge development fees or taxes are Anne Arundel, Calvert, Caroline, Carroll, Charles, Frederick, Howard, Montgomery, Prince George's, Queen Anne's, and St. Mary's.

Background: Exhibit 1 below shows the excise taxes and fees charged in the counties that have them and the revenues the taxes generated.

Exhibit 1
Impact Fees and Excise Taxes on new Developments
FY 1999

County	Single Dwelling Excise Tax	Total Yield
Anne Arundel	\$2,629	\$14,601,769
Calvert	\$3,950	3,157,316
Caroline	\$850 to \$1,500	40,250
Carroll	\$4,744	4,627,597
Charles	\$3,500	4,658,471
Frederick	\$3,000	5,900,097
Howard	\$.80 per occupied sq foot	8,278,872
Montgomery	\$2,084 in Germantown \$869 in East Montgomery Co.	0
Prince George's	\$2,500 to \$4,200	2,704,125
Queen Anne's	\$2,280	841,037
St. Mary's	\$2,000	1,862,400
Total		\$46,671,934

Source: Maryland Association of Counties, Budget and Tax Survey, November 1999

Local Revenues: Although it would have the authority to impose a tax of up to \$3,500 per unit, Cecil County expects to levy a development excise tax of \$2,500 on each new residential unit. The county estimates that approximately 800 residential units will be built in fiscal 2001, increasing county revenues by about \$2 million. If the full \$3,500 excise tax were to be imposed, approximately \$2.8 million would be raised. Cecil County advises that the majority of the revenues will be used to retire debt incurred from improvements to school facilities.

Small Business Effect: Developers, including small business developers, would initially pay the excise tax. However, it is assumed that the costs will be passed on to home buyers, resulting in higher housing costs.

Additional Information

Prior Introductions: None.

Cross File: SB 437 (Cecil County Senators and Senator Hooper) - Budget and Taxation.

Information Source(s): Cecil County, Maryland Association of Counties, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2000
drg/jr Revised - House Third Reader - March 22, 2000
Revised - Enrolled Bill - April 7, 2000

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