

HOUSE BILL 1017

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Q8

2002 Regular Session  
2lr2118  
CF 2lr2119

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By: **Charles County Delegation**  
Introduced and read first time: February 8, 2002  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 26, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Charles County - New School Capacity Financing Mechanism**

3 FOR the purpose of establishing a new school capacity financing mechanism in  
4 Charles County; repealing certain provisions of law requiring a developer of  
5 certain land to reimburse the county for costs of constructing additional public  
6 school facilities; authorizing the County Commissioners to issue borrow not  
7 more than \$100,000,000 by issuing certain bonds on the full faith and credit of  
8 the county; authorizing the County Commissioners to levy an excise tax, not to  
9 exceed certain rates for certain types of dwellings, on the owners of certain real  
10 property in the county; requiring certain notice by the seller or transferor of  
11 certain property to the buyer or transferee of the property; providing for certain  
12 annual studies to determine the amounts of the bonds and excise tax; requiring  
13 certain notice and public hearings prior to the County Commissioners issuing  
14 certain bonds and enacting a certain ordinance levying a certain excise tax;  
15 requiring the Charles County Commissioners to report to the General Assembly  
16 on or before a certain date; authorizing the Commissioners to impose certain  
17 taxes under certain circumstances; providing for the construction and  
18 application of this Act; defining certain terms; and generally relating to  
19 establishing a new school capacity financing mechanism in Charles County.

20 BY repealing  
21 Article 66B - Land Use  
22 Section 14.05(f)  
23 Annotated Code of Maryland  
24 (1998 Replacement Volume and 2001 Supplement)

25 BY adding to

1 Article 66B - Land Use  
2 Section 14.05(f)  
3 Annotated Code of Maryland  
4 (1998 Replacement Volume and 2001 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article 66B - Land Use**

8 14.05.

9 [(f) (1) Notwithstanding any other provision of this article, if a permit is  
10 granted to an owner of land to proceed with the development of land for residential  
11 dwelling units, so that the County or the State will have to provide additional school  
12 sites or school facilities for the use and benefit of new residents of the developed land,  
13 the owner of the land, in accordance with regulations or procedures adopted by the  
14 County Commissioners, shall pay the County for the costs of the burden the  
15 development will impose in terms of the additional public school facilities which will  
16 have to be provided in an amount equal to the cost attributable to the proposed  
17 development of the land involved.

18 (2) (i) 1. After a public hearing, the County Commissioners shall  
19 annually set the costs to be compensated by the landowner or landowners.

20 2. The costs assessed under this subsection may not exceed  
21 \$5,000 per residential unit.

22 (ii) 1. Proportionate division and provisions for payment of these  
23 costs shall be made according to reasonable schedules approved by the County  
24 Commissioners.

25 2. The payment schedules shall reflect the impact of the  
26 development over time and provide for the timely acquisition of land and other  
27 facilities by the County, the State, or the landowner, as needed to serve the residents  
28 of the development.

29 (iii) 1. Each year, before the public hearing to set the impact fees,  
30 the County Commissioners shall conduct a study to determine the reasonableness of  
31 the fees to be proposed at the public hearing.

32 2. The study shall include an analysis of the effect of the  
33 impact fees on the cost of housing in the County.

34 3. The analysis shall be made available to the public at the  
35 time of the public hearing.

36 (iv) Any new or increased impact fees may not take effect until at  
37 least 90 days after the public hearing.

1 (v) 1. The County Commissioners may require that not  
2 exceeding 20% of any fee imposed for any residential dwelling unit under this  
3 subsection be paid on or after the approval of a preliminary subdivision plan for lots  
4 that include the residential dwelling unit.

5 2. The landowner shall pay the balance of the fee before the  
6 County Commissioners may issue the occupancy permit for the residential dwelling  
7 unit.

8 (3) (i) The County Commissioners shall place the impact fees received  
9 by the County under this subsection in a special fund.

10 (ii) The County Commissioners shall use the moneys in the special  
11 fund for public school facilities.

12 (iii) The special fund shall be administered by the County  
13 Commissioners, who may, in their absolute discretion, invest or spend the money in  
14 the fund solely for the purposes listed in this subsection.

15 (4) (i) On or before October 1, 1998, the County Commissioners shall  
16 adopt an impact fee ordinance on impact fees for public school facilities.

17 (ii) The ordinance shall include regulations and procedures  
18 necessary to establish an impact fee program and to allow applications for impact fee  
19 credits for designated residential dwelling units.

20 (iii) The impact fee program shall reflect the 5-year capital  
21 improvement needs of the County Board of Education.]

22 (F) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
23 MEANINGS INDICATED.

24 (II) 1. "ALL COUNTY COSTS" MEANS THE TOTAL COSTS  
25 INCURRED TO CONSTRUCT NEW CAPACITY FOR PUBLIC SCHOOL FACILITIES IN THE  
26 COUNTY, INCLUDING COSTS FOR:

27 A. LAND ACQUISITION;

28 B. ARCHITECTURAL AND ENGINEERING DESIGN;

29 C. INFRASTRUCTURE;

30 D. NEW CLASSROOMS;

31 E. EQUIPMENT; AND

32 F. INTEREST ON BOND PRINCIPAL; AND

33 G. BOND ISSUANCE.



1 (3) (I) THE COUNTY COMMISSIONERS, BY ORDINANCE, MAY FIX AND  
 2 IMPOSE A FAIR SHARE SCHOOL CONSTRUCTION EXCISE TAX LEVIED AGAINST THE  
 3 OWNER OF REAL PROPERTY LOCATED IN THE COUNTY THAT IS IMPROVED BY NEW  
 4 RESIDENTIAL DEVELOPMENT.

5 (II) 1. FOR FISCAL YEAR 2003, THE AMOUNT OF THE FAIR SHARE  
 6 SCHOOL CONSTRUCTION EXCISE TAX SHALL EQUAL ALL COUNTY COSTS TO  
 7 CONSTRUCT ONE UNIT OF NEW STUDENT CAPACITY FOR PUBLIC SCHOOL FACILITIES  
 8 MULTIPLIED BY THE PUPIL GENERATION RATE FOR THAT PARTICULAR NEW  
 9 DWELLING TYPE IN THE COUNTY MAY NOT EXCEED THE FOLLOWING AMOUNTS:

10 A. FOR A SINGLE-FAMILY DETACHED HOME, \$9,700;

11 B. FOR A TOWN HOUSE, \$9,200; AND

12 C. FOR A MULTIFAMILY HOUSING UNIT, \$7,000.

13 2. FOR FISCAL YEAR 2004 AND SUCCEEDING FISCAL YEARS,  
 14 THE LIMITS SET FORTH IN SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE  
 15 ALTERED BY THE SAME PERCENTAGE AS THE CHANGE IN THE PRODUCER PRICE  
 16 INDEX FOR THE MATERIALS AND COMPONENTS FOR CONSTRUCTION, AS REPORTED  
 17 BY THE UNITED STATES DEPARTMENT OF LABOR, FOR THE FISCAL YEAR PRECEDING  
 18 THE YEAR FOR WHICH THE AMOUNT IS BEING CALCULATED.

19 (III) PRIOR TO THE SALE OR TRANSFER OF REAL PROPERTY IN  
 20 CHARLES COUNTY THAT IS IMPROVED BY NEW RESIDENTIAL DEVELOPMENT, THE  
 21 SELLER OR TRANSFEROR SHALL PROVIDE NOTICE TO THE BUYER OR TRANSFEREE  
 22 THAT INCLUDES:

23 1. A STATEMENT THAT THE FAIR SHARE SCHOOL  
 24 CONSTRUCTION EXCISE TAX MAY BE LEVIED ON THE PROPERTY; AND

25 2. THE AMOUNT OF THE TAX FOR THE DWELLING TYPE ON  
 26 THE PROPERTY.

27 (III) (IV) THE FAIR SHARE SCHOOL CONSTRUCTION EXCISE TAX  
 28 SHALL BE:

29 1. COLLECTED AND SECURED IN THE SAME MANNER AS  
 30 GENERAL AD VALOREM TAXES UNLESS OTHERWISE PROVIDED BY ORDINANCE; AND

31 2. SUBJECT TO THE SAME PENALTIES AND THE SAME  
 32 PROCEDURE, SALE, AND LIEN PRIORITY IN CASE OF DELINQUENCY AS PROVIDED IN  
 33 GENERAL AD VALOREM TAXES.

34 (IV) (V) 1. THE FAIR SHARE SCHOOL CONSTRUCTION EXCISE  
 35 TAX SHALL BE COLLECTED ANNUALLY OVER A PERIOD OF 10 YEARS AT LEVEL  
 36 AMORTIZED PAYMENTS OF PRINCIPAL AND INTEREST.

1                                    2.        THE RATE OF INTEREST PAYABLE BY A PROPERTY OWNER  
 2 SHALL BE SET AT THE RATE OF INTEREST PAID BY THE COUNTY ON THE NEW  
 3 SCHOOL CAPACITY CONSTRUCTION BONDS ISSUED IN THE FIRST YEAR THE EXCISE  
 4 TAX IS LEVIED ON THAT PROPERTY OWNER.

5                                    ~~(V)~~    (VI)        THE FAIR SHARE SCHOOL CONSTRUCTION EXCISE TAX  
 6 SHALL CONSTITUTE A LIEN ON ALL TAXABLE REAL OR PERSONAL PROPERTY OF THE  
 7 TAXPAYER FOR A PERIOD OF 10 YEARS OR UNTIL THE LIEN IS SATISFIED BY  
 8 REPAYMENT.

9                                    ~~(VI)~~    (VII)    4.        THE REVENUES FROM THE FAIR SHARE SCHOOL  
 10 CONSTRUCTION EXCISE TAX SHALL BE USED TO PAY THE PRINCIPAL AND INTEREST  
 11 AS IT BECOMES DUE ON THE NEW SCHOOL CAPACITY CONSTRUCTION BONDS ISSUED  
 12 UNDER PARAGRAPH (2) OF THIS SUBSECTION.

13                                    2.        ~~IF REVENUES FROM THE FAIR SHARE SCHOOL~~  
 14 ~~CONSTRUCTION EXCISE TAX ARE INSUFFICIENT TO PAY THE PRINCIPAL, INTEREST,~~  
 15 ~~AND PREMIUM ON THE NEW SCHOOL CAPACITY CONSTRUCTION BONDS, THE~~  
 16 ~~COUNTY COMMISSIONERS MAY IMPOSE AN AD VALOREM TAX ON ALL ASSESSABLE~~  
 17 ~~PROPERTY WITHIN THE COUNTY AT A RATE SUFFICIENT TO PROVIDE FOR THE~~  
 18 ~~PAYMENTS ON THE BONDS.~~

19                                    3.        ~~IF THE REVENUES FROM THE AD VALOREM TAX IMPOSED~~  
 20 ~~UNDER SUB-PARAGRAPH 2 OF THIS PARAGRAPH ARE INSUFFICIENT TO PAY THE~~  
 21 ~~PRINCIPAL AND INTEREST ON THE NEW SCHOOL CAPACITY CONSTRUCTION BONDS,~~  
 22 ~~THE COUNTY COMMISSIONERS MAY IMPOSE ADDITIONAL TAXES AT A RATE~~  
 23 ~~SUFFICIENT TO PROVIDE FOR THE PAYMENTS ON THE BONDS.~~

24                                    ~~(VII)~~    (VIII)    THE COUNTY COMMISSIONERS SHALL CONDUCT AN  
 25 ANNUAL STUDY TO DETERMINE THE CURRENT AMOUNT OF ALL COUNTY COSTS AND  
 26 THE CURRENT PUPIL GENERATION RATE BY DWELLING TYPE IN THE COUNTY  
 27 BEFORE SETTING THE RATE OF THE FAIR SHARE SCHOOL CONSTRUCTION EXCISE  
 28 TAX.

29                                    (4)        THE COUNTY COMMISSIONERS SHALL HOLD A PUBLIC HEARING AND  
 30 PROVIDE REASONABLE NOTICE OF THE HEARING PRIOR TO:

31                                    (I)        ISSUING NEW SCHOOL CAPACITY CONSTRUCTION BONDS; AND

32                                    (II)       ENACTING AN ORDINANCE TO PROVIDE THE NECESSARY AND  
 33 APPROPRIATE PROCEDURES AND MEASURES TO IMPLEMENT THE FAIR SHARE  
 34 SCHOOL CONSTRUCTION EXCISE TAX.

35                                    (5)        THE CHARLES COUNTY COMMISSIONERS SHALL REPORT TO THE  
 36 GENERAL ASSEMBLY ON OR BEFORE AUGUST 1 EACH YEAR, SUBJECT TO § 2-1246 OF  
 37 THE STATE GOVERNMENT ARTICLE, ON THE FOLLOWING ITEMS, FOR THE  
 38 PRECEDING FISCAL YEAR:

39                                    (I)        THE AMOUNT OF THE TAX SET BY THE CHARLES COUNTY  
 40 COMMISSIONERS FOR EACH DWELLING TYPE;

1 (II) THE AMOUNT OF PROCEEDS DERIVED FROM THE ISSUANCE  
2 AND SALE OF THE COUNTY'S NEW SCHOOL CAPACITY CONSTRUCTION BONDS;

3 (III) THE NUMBER OF PARCELS OF REAL PROPERTY IMPROVED BY  
4 NEW RESIDENTIAL DEVELOPMENT IN CHARLES COUNTY; AND

5 (IV) THE NUMBER OF SQUARE FEET OF NEW PUBLIC SCHOOL  
6 CAPACITY APPROVED FOR CONSTRUCTION IN CHARLES COUNTY BY THE  
7 INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION.

8 SECTION 2. AND BE IT FURTHER ENACTED, That notwithstanding the  
9 repeal of Charles County's authority to impose impact fees in Section 1 of this Act, any  
10 impact fees stay in effect until an ordinance implementing the levy of the fair share  
11 school construction excise tax becomes effective.

12 SECTION 3. AND BE IT FURTHER ENACTED, That if revenues from the fair  
13 share school construction excise tax authorized for Charles County under this Act are  
14 insufficient to pay the principal, interest, and premium on the new school capacity  
15 construction bonds as authorized under this Act, the County Commissioners of  
16 Charles County may impose an ad valorem tax on all assessable property within the  
17 county and impose any other tax the county is authorized to levy at a rate sufficient  
18 to provide for the payments on the bonds.

19 SECTION ~~3.~~ 4. AND BE IT FURTHER ENACTED, That the authority to borrow  
20 money and issue bonds conferred on Charles County by this Act shall be deemed to  
21 provide additional, alternative, and supplemental authority for borrowing money and  
22 shall be regarded as supplemental and additional to powers conferred upon the  
23 county by other laws and shall not be regarded as in derogation of any power now  
24 existing. All Acts of the General Assembly passed authorizing the county to borrow  
25 money are continued to the extent that the powers contained in such Acts have not  
26 been exercised, and nothing contained in this Act may be construed to impair the  
27 validity of any bonds that may have been issued by the county under the authority of  
28 such Acts, and the validity of the bonds is ratified, confirmed, and approved.

29 SECTION ~~4.~~ 5. AND BE IT FURTHER ENACTED, That, except as otherwise  
30 provided in Section 2 of this Act, this Act shall take effect June 1, 2002.