

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1427 (Delegate Holmes)
Environmental Matters

Prince George's County - School Facilities Surcharge - Exemption

This bill exempts dormitory construction that has received special exception approval for a nonpublic school from the school facilities surcharge in Prince George's County.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal impact on Prince George's County revenues. No effect on expenditures.

Small Business Effect: None.

Analysis

Current Law: The Prince George's County Council is required to impose a \$12,000 school facilities surcharge on new residential development. The surcharge totals \$7,000 per dwelling for buildings located between Interstate 495 and the District of Columbia or near a METRO rail station. Beginning in fiscal 2005, the surcharge is adjusted for inflation.

The surcharge does not apply to mixed retirement developments or elderly housing, or any property located in an infrastructure finance district approved prior to January 1, 2000. In addition, the surcharge does not apply to a single-family, detached dwelling that

is built or subcontracted by an individual owner in a minor subdivision, with the intent of using it as the owner's personal residence. Multifamily housing designated as student housing within 1.5 miles of the University of Maryland, College Park campus are also exempt from the surcharge. **Exhibit 1** provides a summary of the legislative history of the school facilities surcharge.

Exhibit 1
History of the School Facilities Surcharge in Prince George's County

1995	Chapter 66	Authorized the county to collect the school facilities surcharge on new residential development.
1998	Chapter 710	Set the maximum surcharge at \$2,500 per dwelling for all types of properties and repealed certain exemptions.
2000	Chapter 456	Required the county to impose the surcharge and increased the surcharge to \$5,000 per dwelling beginning in fiscal 2001.
2003	Chapter 431	Increased the surcharge to \$12,000 per dwelling beginning in fiscal 2004 with the rate adjusted for inflation beginning in fiscal 2005. Provided for a lower surcharge amount for specified properties.

Background: School facilities surcharge revenues cover debt service payments on bonds issued for additional or expanded public school facilities and other school-related repairs (*i.e.*, air conditioning). Prince George's County collected approximately \$16.3 million in school facilities surcharge revenue in fiscal 2003 and \$13.0 million in fiscal 2004. The decrease in revenue for fiscal 2004 is attributable to the surcharge rate increase enacted in 2003. **Exhibit 2** shows the number of permits issued by the county during fiscal 2000 to 2004 and the corresponding amount of revenue collected from the school facilities surcharge.

Exhibit 2
Permits Issued and School Facilities Surcharge Revenue Collections
(\$ in Millions)

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Permits Issued	2,354	2,831	3,186	2,823	1,206
Revenue Amount	\$6.7	\$7.5	\$9.4	\$16.3	\$13.0

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 30, 2005
ncs/hlb

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