

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 1011

(Prince George's County Delegation)

Environmental Matters

Education, Health, and Environmental Affairs

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**Prince George's County School Facilities Surcharge – Exemption**  
**PG 414-08**

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This bill provides that the Prince George's County school facilities surcharge does not apply to a single-family dwelling unit to be built or subcontracted by an individual owner to replace, on the same lot, a previously existing single-family dwelling unit destroyed by fire, explosion, or a natural disaster. The new dwelling unit, however, must be similar to the previously existing dwelling unit and owned and occupied by the same individual.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** The bill is not expected to materially affect Prince George's County finances.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Prince George's County Council must impose a public school facilities surcharge on new residential development. The surcharge was set, in 2003, at \$12,000 per dwelling for residential development outside the beltway and \$7,000 per dwelling for buildings located between Interstate 495 and the District of Columbia (inside the beltway) or specified development that abuts an existing or planned mass transit rail station site operated by the Washington Metropolitan Area Transit Authority. Beginning in fiscal 2005, the surcharge is adjusted for inflation. In fiscal 2008, the surcharge is set

at \$13,493 for development outside the beltway and \$7,870 for development inside the beltway.

The surcharge does not apply to mixed retirement developments or elderly housing, specified multifamily housing designated as student 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. **Exhibit 1** provides a summary of the legislative history of the school facilities surcharge.

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**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.
2002	Chapter 254	Exempted multifamily student housing within 1.5 miles of the University of Maryland, College Park campus from the surcharge.
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.
2007	Chapter 166	Amended the exemption applicable to specified multifamily student housing.

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**Background:** The Prince George's County Department of Environmental Resources administers the school facilities surcharge collection process. The surcharge is paid at the time a building permit is issued for a dwelling unit. School facilities surcharge revenues cover pay-go school projects, debt service payments on bonds issued for additional or expanded public school facilities, and facilities improvements (*i.e.*, air conditioning).

Prince George's County collected approximately \$47.4 million in school facilities surcharge revenues in fiscal 2007. **Exhibit 2** shows the number of permits issued by the county during the fiscal 2002-2007 period and the corresponding amount of revenues collected from the school facilities surcharge.

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

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Permits Issued	3,186	2,823	1,206	1,960	2,667	2,380
Revenues	\$9.4	\$16.3	\$13.1	\$26.7	\$42.8	\$47.4

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Prince George's County, Maryland-National Capital Park and Planning Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2008  
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Analysis by: Scott D. Kennedy

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510