

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 958

(Senator Rosapepe)

Education, Health, and Environmental Affairs

Environmental Matters

Construction Permits - Expiration Dates

This emergency bill extends to June 30, 2010, the duration of approved State, county, and municipal permits for proposed construction and development that were approved on or after January 1, 2008. The bill does not apply to several specified issued permits or permit approvals. The bill applies retroactively to construction and development permits issued by the State, a county, or a municipality. By December 31, 2009, the Maryland Department of Planning must report to the General Assembly on the impact of the bill, whether the toll period should be extended, and what other alternatives might be available to the State and local jurisdictions.

The bill terminates June 30, 2010.

Fiscal Summary

State Effect: General fund expenditures will increase by an estimated \$36,200 in FY 2010 to meet the reporting requirement of the bill. Future years are not affected. There is no direct effect on revenues.

Local Effect: Fees and taxes associated with construction may decrease for some local jurisdictions, from the effective date through FY 2010. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill does not affect the authority of the State, a county, or municipality to revoke or modify a permit and does not affect the obligation of permit holders to pay any applicable renewal fees. Affected permits may be cancelled if the State, a county, or municipality determines that the permit presents a threat to the public health, safety, or welfare of its citizens.

The bill does not apply to the running time of permits or approvals:

- issued by the United States government or any federal agency;
- issued jointly by the United States government and a county or a municipality;
- issued jointly by any federal agency and a county or a municipality;
- that has an expiration date established under a law or regulation of the federal government; or
- issued under specified State environmental laws.

Current Law/Background: In Maryland, local governments have the primary role in enforcing building and construction codes. There are over 90 local jurisdictions that issue building permits in the State, including all 23 counties and Baltimore City. Construction and development permits are generally required for the purpose of assuring public safety, health, and welfare as they are affected by construction. The permitting process varies by local jurisdiction. Local jurisdictions may charge permit fees to help cover inspection and other related expenses. The duration, or running time, for a building permit (*e.g.*, for construction of a single home) is often shorter than for permits for commercial development or creation of a subdivision.

At the local level, a site planning process involving multiple local governmental agencies concerned with regulating water, sewer, utilities, roadways, erosion and sediment control, fire safety, and other issues may be a pre-requisite for applying for a commercial development or subdivision permit. Subdivision development may involve not only building permits for individual properties, but permits for grading of roadways and may require approval of road design and the creation of individual lots.

Permits generally remain in effect once construction begins. If there is a delay in construction, a permit may be renewed, re-routed, or reactivated. At this point in time, the permit-granting authority typically reviews whether, and to what degree, changes to pertinent zoning, water and sewer, or other regulations affect the construction that would be permitted.

State Fiscal Effect: General fund expenditures increase by \$36,241 in fiscal 2010. This estimate reflects the cost of employing one contractual planner in the Maryland Department of Planning during the first half of fiscal 2010 to meet the reporting requirement of the bill. It includes a salary, fringe benefits, and operating expenses. The Maryland Department of Planning advises that the employee will be responsible for contacting over 90 building permit issuing agencies throughout the State, compiling information received, and assisting in the preparation of the report to be delivered to the General Assembly by December 31, 2009.

Local Fiscal Effect: Local revenues associated with reactivation of a permit (such as excise tax and school facilities charge revenues) will be reduced over the effective time period. Howard County advises that its revenues may decrease under the bill by as much as \$8,000.

Some local governments have permit allocation systems designed to ensure that the growth rate of new development projects does not overreach existing or planned infrastructure (*e.g.*, schools). Where such allocations exist, extending the duration of existing permits may in some cases preclude other potential construction and development projects from obtaining permits to proceed. The Maryland Association of Counties advises that some local jurisdictions are working toward extending permit periods, either on a case-by-case or an overall basis.

Additional Information

Prior Introductions: None.

Cross File: HB 921 (Delegate Barnes, *et al.*) - Environmental Matters.

Information Source(s): Allegany, Calvert, Howard, Montgomery, and Talbot counties; Maryland Association of Counties; Board of Public Works; Office of the Attorney General (Consumer Protection Division); Maryland Department of the Environment; Maryland Department of Planning; Department of General Services; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2009
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Analysis by: Scott P. Gates

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