

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

House Bill 900

(Prince George's County Delegation and Montgomery
County Delegation)

Environmental Matters

Education, Health, and Environmental Affairs

**Prince George's County - Proposed Subdivisions - Development Impact Fees for
Traffic Mitigation
PG/MC 109-12**

This bill authorizes the Prince George's County Council to allow, by local law, the Prince George's County Planning Board to impose development impact fees for financing up to 50% of the capital costs of additional or expanded transportation projects to accommodate new construction or development in lieu of mandatory transportation improvements otherwise required to achieve transportation adequacy at the time of subdivision approval, under specified circumstances. The bill establishes the requirements for the imposition of the fee. Development impact fees that are collected must be retained in an escrow account and maintained in a specified manner. The bill requires the Prince George's County Department of Public Works and Transportation to use the fees only for the capital costs of additional or expanded transportation projects in areas in which the impact fees are authorized.

Fiscal Summary

State Effect: None.

Local Effect: The bill does not directly affect Prince George's County operations. However, to the extent that development impact fees and escrow account funds for future projects are insufficient to cover project costs, Prince George's County may incur increased costs for traffic mitigation projects. Prince George's County indicates that developers are currently required to make traffic mitigation improvements as part of their construction permit requirements.

Small Business Effect: None.

Analysis

Current Law: The Prince George's County Council is authorized to impose and provide for the collection of development impact fees for financing up to 50% of the capital costs of additional or expanded transportation projects required to accommodate new construction or development. Among other requirements, any impact fees imposed must be adopted in accordance with a general statement of public policy adopted by the county council to impose impact fees in areas of the county where the level of new construction or development is creating a need for additional or expanded transportation projects. The impact fees imposed for single-family residences may not exceed \$1,000 per unit.

The county council must adopt a method for determining the timing and location of the areas in which an impact fee is to be imposed; and in lieu of payment of development impact fees, provide credit for payments made for the construction of, or improvements to, public transportation projects included among the transportation projects subject to impact fee funding within the impact fee area.

Background: Prince George's County currently imposes school facilities and public safety surcharges on new residential construction. The authorization for the county council to impose impact fees to finance up to 50% of the capital costs of transportation projects necessary to accommodate new construction or development was enacted under Chapter 596 of 1990, but the county does not impose impact fees under that authority.

The Prince George's County school facilities surcharge in fiscal 2012 is \$14,682 for development outside the Capital Beltway and \$8,565 for development inside the Capital Beltway. The public safety surcharge in fiscal 2012 is \$6,933 for development outside of the "developed tier," as defined in the 2002 Prince George's County Approved General Plan, and \$2,312 within the developed tier. The surcharges are collected at the time a building permit is issued. Prince George's County collected \$14.8 million in development surcharges in fiscal 2011.

Development Impact Fees

Development impact fees and building excise taxes enable local governments to collect revenue from builders for public facilities necessitated by new residential or commercial development. As a result of these development charges, local governments are able to shift the costs of financing new public facilities from existing taxpayers to individuals responsible for the development. In many situations, the use of such development charges may eliminate the need for jurisdiction-wide tax increases. Another benefit of development charges is that local officials can collect the needed revenue for the

expansion or construction of new public facilities prior to the construction of any new residential or commercial development. Payment of an impact fee or excise tax is often required by local officials before the issuance of a building permit.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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