

Chapter 594

(House Bill 1230)

AN ACT concerning

Washington Suburban Sanitary Commission – System Development Charge – Exemptions**MC/PG 107–25**

FOR the purpose of requiring, rather than authorizing, the Montgomery County Council and the Prince George’s County Council to grant exemptions from the system development charge imposed by the Washington Suburban Sanitary Commission for certain properties and projects located in Montgomery County; altering the method by which the county councils establish eligibility for the exemptions; prohibiting the county councils from requiring that an applicant for an exemption for a property located in Montgomery County own the property for which the exemption is sought; requiring Montgomery County to approve applications for the exemptions on a first–come, first–served basis until a certain maximum annual limit is reached; and generally relating to the Washington Suburban Sanitary Commission and exemptions from the system development charge.

BY repealing and reenacting, with amendments,
 Article – Public Utilities
 Section 25–403
 Annotated Code of Maryland
 (2020 Replacement Volume and 2024 Supplement)

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

Article – Public Utilities

25–403.

(a) (1) Each year the Montgomery County Council and the Prince George’s County Council shall meet to determine the amount of the system development charge.

(2) The amount of the system development charge for a particular property:

(i) shall be based on the number of plumbing fixtures and the assigned values for those fixtures as set forth in the Commission’s plumbing and gas fitting regulations;

(ii) except as provided in item (iii) of this paragraph and subsection [(c)] ~~(D)~~ (E) of this section, may not exceed \$200 per fixture unit; and

(iii) for residential properties with five or fewer toilets, shall be based on the number of toilets per dwelling unit and:

1. for each apartment unit, may not exceed \$2,000;
2. for dwellings with one or two toilets, may not exceed \$3,000;
3. for dwellings with three or four toilets, may not exceed \$5,000;
4. for dwellings with five toilets, may not exceed \$7,000; and
5. for dwellings with more than five toilets, shall be calculated on a fixture unit basis.

(3) When determining the system development charge, the county councils shall consider the actual cost of construction of Commission facilities.

(b) When determining the system development charge, under [criteria] DEFINITIONS established jointly and agreed on by the county councils, the county councils:

(1) shall grant a full or partial exemption from the charge for public sponsored or affordable housing as jointly defined and agreed on by the county councils;

(2) FOR PROPERTIES LOCATED IN MONTGOMERY COUNTY ONLY, SHALL GRANT A FULL OR PARTIAL EXEMPTION FROM THE CHARGE FOR:

(i) 1. REVITALIZATION PROJECTS;

2. PROPERTY USED BY A COMMUNITY-BASED ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE AND HAS THE PRIMARY MISSION AND PURPOSE OF PROVIDING RECREATIONAL AND EDUCATIONAL PROGRAMS AND SERVICES TO YOUTH, IF:

A. THE PROPERTY IS USED PRIMARILY FOR RECREATIONAL AND EDUCATIONAL PROGRAMS AND SERVICES TO YOUTH; AND

B. THE EXEMPTION AMOUNT IS LIMITED TO \$80,000;

3. PROPERTY USED PRIMARILY FOR CHILD CARE OR AFTER-SCHOOL CARE; OR

4. PROPERTY USED PRIMARILY FOR PROGRAMS AND SERVICES FOR DEVELOPMENTALLY DISABLED INDIVIDUALS; AND

(II) UNDER DEFINITIONS SET FORTH BY THE COUNTY COUNCILS:

1. RESIDENTIAL PROPERTY LOCATED IN A PLANNED RETIREMENT COMMUNITY AS DEFINED IN THE ZONING ORDINANCE OF MONTGOMERY COUNTY;

2. ELDERLY HOUSING OTHER THAN THAT INCLUDED IN ITEM 1 OF THIS ITEM; AND

3. PROPERTIES USED FOR MANUFACTURING OR BIOTECHNOLOGY RESEARCH AND DEVELOPMENT;

(3) FOR PROPERTIES LOCATED IN MONTGOMERY COUNTY ONLY, MAY NOT REQUIRE THAT AN APPLICANT FOR AN EXEMPTION OWN THE PROPERTY FOR WHICH AN EXEMPTION IS SOUGHT; AND

[(2)] (4) FOR PROPERTIES LOCATED IN PRINCE GEORGE’S COUNTY ONLY, may grant a full or partial exemption from the charge for:

(i) 1. revitalization projects;

[(ii)] 2. property owned by a community-based organization that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and has the primary mission and purpose of providing recreational and educational programs and services to youth, if:

[1.] A. the property is used primarily for recreational and educational programs and services to youth; and

[2.] B. the exemption amount is limited to \$80,000;

[(iii)] 3. property used primarily for child care or after-school care;

or

[(iv)] 4. property used primarily for programs and services for developmentally disabled individuals; and

[(3)] (II) [may grant a full or partial exemption from the system development charge,] under [conditions] DEFINITIONS set forth by the county councils[, for]:

[(i)] 1. residential property located in a mixed retirement development as defined in the zoning ordinance of Prince George's County;

[(ii)] residential property located in a planned retirement community as defined in the zoning ordinance of Montgomery County;

[(iii)] 2. elderly housing other than that included in item [(i) or (ii)] 1 of this item; or

[(iv)] 3. properties used for manufacturing or biotechnology research and development.

(c) (1) MONTGOMERY COUNTY SHALL APPROVE APPLICATIONS FOR THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS UNTIL THE MAXIMUM ANNUAL LIMIT, INCLUDING ANY UNUSED AMOUNTS CARRIED OVER FROM A PRIOR FISCAL YEAR, IS REACHED.

(2) ON OR BEFORE OCTOBER 1 EACH YEAR, MONTGOMERY COUNTY SHALL REPORT TO THE MEMBERS OF THE MONTGOMERY COUNTY DELEGATION TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE IN MONTGOMERY COUNTY REQUIRED UNDER:

(I) SUBSECTION (B)(1) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

1. THE PROCESS USED TO IDENTIFY PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS;

2. THE NUMBER OF PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS GRANTED EXEMPTIONS; AND

3. THE NUMBER OF PUBLICLY SPONSORED OR AFFORDABLE HOUSING UNITS INCLUDED IN EACH PROJECT; AND

(II) ~~SUBSECTION (B)~~ SUBSECTION (B)(2) OF THIS SECTION FOR THE ~~CURRENT AND~~ IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

- AND
- ~~(H)~~ 1. THE APPLICATION PROCESS FOR EACH EXEMPTION;
 - ~~(H)~~ 2. FOR EACH EXEMPTION:
 - ~~1.~~ A. THE TOTAL NUMBER OF EXEMPTION APPLICATIONS RECEIVED; AND
 - ~~2.~~ B. THE TOTAL NUMBER AND AMOUNT OF EXEMPTIONS GRANTED.

(D) ON OR BEFORE OCTOBER 1 EACH YEAR, PRINCE GEORGE’S COUNTY SHALL REPORT TO THE MEMBERS OF THE PRINCE GEORGE’S COUNTY DELEGATION TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE IN PRINCE GEORGE’S COUNTY DESCRIBED UNDER:

(1) SUBSECTION (B)(1) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

(I) THE PROCESS USED TO IDENTIFY PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS;

(II) THE NUMBER OF PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS GRANTED EXEMPTIONS; AND

(III) THE NUMBER OF PUBLICLY SPONSORED OR AFFORDABLE HOUSING UNITS INCLUDED IN EACH PROJECT; AND

(2) SUBSECTION (B)(4) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

(I) THE APPLICATION PROCESS FOR EACH EXEMPTION; AND

(II) FOR EACH EXEMPTION:

1. THE TOTAL NUMBER OF EXEMPTION APPLICATIONS RECEIVED; AND

2. THE TOTAL NUMBER AND AMOUNT OF EXEMPTIONS GRANTED.

[(c)] ~~(D)~~ (E) On July 1, 1999, and July 1 of each succeeding year, the maximum charge, as established in subsection (a)(2) of this section, may be changed by an amount equal to the prior calendar year's change in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for urban wage earners and clerical workers for all items for the Washington, D.C. metropolitan area, or the successor index.

[(d)] ~~(E)~~ (F) If the county councils do not agree on the amount of the system development charge, the system development charge imposed during the previous year shall continue in effect for the following fiscal year.

[(e)] ~~(F)~~ (G) If the system development charge established by the county councils is less than the amount necessary to recover the full cost of constructing growth related facilities, the Commission shall identify the part of the cost of that growth that will be paid by current ratepayers as:

- (1) a percentage of any rate increase; and
- (2) the annual monetary amount on a typical residential customer's annual water and sewer bill.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.

Approved by the Governor, May 13, 2025.