

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1230

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

Environment and Transportation

Education, Energy, and the Environment

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

This bill requires the Montgomery County Council and Prince George’s County Council to grant exemptions from the system development charge imposed by the Washington Suburban Sanitary Commission (WSSC) for specified properties and projects in Montgomery County. The bill requires Montgomery County to approve applications for the exemptions on a first-come first-served basis until the maximum annual limit, including any unused amounts from a prior fiscal year, is reached. By October 1 each year, Montgomery and Prince George’s counties must report to their respective delegations information relating to exemptions from system development charges, as specified. For properties located in Montgomery County, the county councils may not require that an applicant for an exemption own the property for which an exemption is sought. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None.

Local Effect: WSSC finances are not directly affected by expanding the eligibility for exemptions from the system development charge.

Small Business Effect: Minimal.

Analysis

Bill Summary: For properties located in Montgomery County only, the bill requires the county councils to grant a full or partial exemption from the system development charge for (1) revitalization projects; (2) property *used* by specified community-based organizations providing recreational and educational programs and services to youth; (3) property used primarily for child care or after-school care; or (4) property used primarily for programs and services for developmentally disabled individuals.

Under definitions set forth by the county councils, the bill requires the county councils to grant, in Montgomery County only, a full or partial exemption from the system development charge for (1) residential property located in a planned retirement community as defined in the zoning ordinance of Montgomery County; (2) elderly housing not included in the preceding zoning ordinance; or (3) properties used for manufacturing or biotechnology research and development.

By October 1 each year, Montgomery and Prince George's counties must report to their respective delegations the total number of exemptions received and granted, as well as the total dollar amount of exemptions granted, for the immediately preceding fiscal year. The counties must also report (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.

Current Law: State law provides for several exemptions to the WSSC system development charge. A full or partial exemption must be granted for public-sponsored or affordable housing as jointly defined and agreed upon by the county councils. In addition, a full or partial exemption may be granted for (1) revitalization projects; (2) property owned by specified community-based organizations providing recreational and educational programs and services to youth; (3) property used primarily for child care or after-school care; or (4) property used primarily for programs and services for developmentally disabled individuals.

Under conditions set forth by the county councils, the county councils may grant a full or partial exemption for (1) residential property located in a mixed retirement development as defined in the zoning ordinance of Prince George's County; (2) residential property located in a planned retirement community as defined in the zoning ordinance of Montgomery County; (3) other elderly housing; and (4) properties used for biotechnology research and development or manufacturing.

Local Fiscal Effect: The system development charge is imposed on new development as a method to pay for capital expenses needed to accommodate growth in the bicounty area.

It is reviewed and updated annually by the county councils. The county councils have established a \$500,000 per county annual limit on exemptions to the system development charge, with any unused portion allowed to carry over to future years indefinitely. This restriction first became effective in fiscal 1999. Through fiscal 2024, Montgomery County has granted \$3.9 million in exemptions, and Prince George’s County has granted \$9.7 million. Both jurisdictions have the capacity to grant additional exemptions from the system development charge without exceeding the current limitations.

Exhibit 1 shows the amount of exemptions granted in each county and the amount that has been carried over to future years. **Exhibits 2** and **3** show the amount of exemptions granted by category for each year since fiscal 1999.

Exhibit 1
Current Exemptions from the System Development Charge
Fiscal 1999-2024

	<u>Exemptions Granted</u>	<u>Exemptions Unused</u>
Montgomery County	\$3,853,617	\$9,146,383
Prince George’s County	9,728,354	3,271,646
Total	\$13,581,971	\$12,418,029

Source: Washington Suburban Sanitary Commission

Exhibit 2
Exemptions to the System Development Charges by Category
Montgomery County

<u>Fiscal Year</u>	<u>Elderly Housing</u>	<u>Revitalization Projects</u>	<u>Biotech Projects</u>	<u>Total Exemptions</u>
1999	\$44,800	\$0	\$117,766	\$162,566
2000	100,280	41,941	0	142,221
2001	171,940	0	63,898	235,838
2002	137,636	222,251	33,302	393,189
2003	56,898	121,740	121,591	300,229
2004	50,000	444,767	0	494,767
2005	0	267,659	50,000	317,659
2006	50,000	10,238	41,919	102,157
2007	56,540	101,150	0	157,690
2008	0	96,607	64,891	161,498
2009	0	52,969	0	52,969
2010	0	5,235	110,058	115,293
2011	0	260,552	1,563	262,115
2012	0	102,704	0	102,704
2013	0	4,600	0	4,600
2014	0	50,000	50,000	100,000
2015	0	50,000	0	50,000
2016	15,569	61,747	50,000	127,316
2017	0	50,000	0	50,000
2018	172,376	0	0	172,376
2019	65,916	5,483	0	71,399
2020	100,000	0	0	100,000
2021	2,990	0	0	2,990
2022	0	0	0	0
2023	24,041	0	0	24,041
2024	100,000	50,000	0	150,000
Total	\$1,148,986	\$1,999,643	\$704,988	\$3,853,617

Source: Washington Suburban Sanitary Commission

Exhibit 3
Exemptions to the System Development Charges by Category
Prince George's County

<u>Fiscal Year</u>	<u>Elderly Housing</u>	<u>Revitalization Projects</u>	<u>Biotech Projects</u>	<u>Youth Projects</u>	<u>Total Exemptions</u>
1999	\$0	\$0	\$0	\$0	\$0
2000	87,636	25,374	0	0	113,010
2001	0	46,892	0	0	46,892
2002	40,850	42,444	0	0	83,294
2003	98,754	65,044	0	0	163,798
2004	0	327,896	0	0	327,896
2005	0	86,661	0	0	86,661
2006	0	0	50,000	0	50,000
2007	0	350,000	0	0	350,000
2008	0	0	0	0	0
2009	23,980	10,572	74,556	0	109,108
2010	0	984,421	0	0	984,421
2011	0	1,218,146	0	0	1,218,146
2012	0	1,144,174	0	0	1,144,174
2013	0	680,613	0	0	680,613
2014	0	127,839	0	0	127,839
2015	0	1,115,670	0	33,924	1,149,594
2016	0	987,125	0	0	987,125
2017	0	26,213	0	0	26,213
2018	0	14,191	0	0	14,191
2019	0	15,000	0	0	15,000
2020	0	1,418,596	0	0	1,418,596
2021	0	584,025	0	0	584,025
2022	0	47,758	0	0	47,758
2023	0	0	0	0	0
2024	0	0	0	0	0
Total	\$251,220	\$9,318,654	\$124,556	\$33,924	\$9,728,354

Source: Washington Suburban Sanitary Commission

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Washington Suburban Sanitary Commission; Montgomery and Prince George's counties; Department of Legislative Services

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