

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1142  
Ways and Means

(Delegate Wilkins)

Budget and Taxation

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**Task Force to Modernize County and Municipal Revenue Structures**

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This bill establishes a Task Force to Modernize County and Municipal Revenue Structures. The task force must study and evaluate the revenue structure of county and municipal governments within the State and make recommendations regarding the authority of county and municipal governments to increase sources of revenue. The task force must submit a report of its findings and recommendations to the Governor, the Senate Budget and Taxation Committee, the House Appropriations Committee, and the House Ways and Means Committee by December 1, 2026. The Department of Legislative Services (DLS) must provide staff support for the task force. **The bill takes effect July 1, 2026, and terminates June 30, 2027.**

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**Fiscal Summary**

**State Effect:** DLS can likely handle the staffing requirement with existing budgeted resources. However, if the research or administrative demands of the task force are significant, DLS may require additional general fund expenditures to retain contractual staff or consultants to complete the work of the task force. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** The task force's study and analysis must include:

- the current revenue sources available to each county and municipal government;
- optional revenue sources not currently utilized by county and municipal governments;
- the authority of each county and municipal government to raise revenue from additional sources;
- the revenue sources utilized by counties and municipal governments in other states; and
- an analysis of the impact of potential new county or municipal revenue sources on overall affordability and the cost of living generally (including an account of existing taxes).

### **Current Law:**

#### *Local Government Expenditures*

County and municipal governments in Maryland spent over \$45 billion on public services in fiscal 2024. Counties, including Baltimore City, are the primary unit of local government and are responsible for most basic services such as police, fire, local corrections, sanitation, local highways, health, and parks and recreation. Counties are also responsible for funding public schools, libraries, local community colleges, and the circuit courts. Compared to counties, municipalities in Maryland provide a more limited array of public services. Public works and public safety are the two largest functions of municipal governments. In fiscal 2024, county governments, including Baltimore City, accounted for 95.5% of total local government expenditures; whereas, municipal governments accounted for only 4.5%. However, in eight counties, municipal governments accounted for over 10% of local government expenditures ([Local Government Finances Report](#) – Page 1).

#### *Local Government Revenues*

State aid is the largest revenue source for most county governments in Maryland. Property and income taxes are the largest locally generated revenue sources for counties. Service charges (*e.g.*, sewer and water charges) and property taxes are the largest revenue sources for municipalities in the State. Yet, the relative proportion of revenue sources varies considerably among counties and among municipalities ([Local Government Finances Report](#) – Pages 3 and 9). Federal grants account for a small percentage of local government revenues.

## *Impact Fees, Impact Taxes, and Excise Taxes*

Development surcharges (impact fees, impact taxes, or excise taxes) are charges on new development used to fund capital programs and services necessitated by new growth. These development charges allow local governments to shift the costs of financing new public facilities from existing taxpayers to those responsible for the development. Statutory restrictions on allowable uses of the surcharge revenue vary by jurisdiction. Use of the revenue for creation or expansion of public facilities rather than for maintenance or operations of existing facilities is often required. Some county ordinances also require that the additional or expanded facilities benefit the development from which the revenue was generated or benefit a defined district or area in which the development is located. **Appendix – Development Impact Fees and Excise Taxes** shows the surcharge rates and revenues from fiscal 2024 to 2026.

### *County Revenue Outlook Report*

Information on local tax rates and revenue amounts in fiscal 2026 for Baltimore City and county governments is provided in the [County Revenue Outlook Report](#). The report includes information on both general fund and local tax revenues with a focus on property, income, recordation, transfer, hotel rental, and admissions-amusement taxes. A copy of the report is available on the Department of Legislative Services [website](#).

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## **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2026  
caw/tso Third Reader - March 23, 2026

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## Appendix – Development Impact Fees and Excise Taxes

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This appendix compiles information on (1) the development impact fees and excise taxes imposed by Maryland counties and (2) the revenues generated by the fees/taxes. Development impact fees and excise taxes enable local governments to collect revenue for new or expanded public facilities or services necessitated by new residential or commercial development, shifting the costs of financing the new or expanded facilities/services from existing taxpayers to those responsible for the development.

The county development impact fees and excise taxes included in this appendix are those charges generally identified as development impact fees or excise taxes, or a variation of those terms (in some cases “surcharge” or “impact tax” is used). However, this appendix does not include all charges imposed on new development to generate revenue to cover costs of new or expanded public facilities/services. Some jurisdictions also impose water- and sewer-related charges (such as capital connection charges or system development charges), and/or mitigation payments based in the county’s adequate public facilities ordinance, that generate revenue for new or expanded public facilities/services. While not focused on in this report, a number of Maryland’s municipalities also impose impact fees or similar charges on new development to generate revenue for public facilities or services they provide.

The first table below shows the counties’ fee amount or tax rate for a single-family detached home in each of fiscal 2024, 2025, and 2026.

The second table shows actual or projected/estimated revenues from counties’ development impact fees and excise taxes for fiscal 2024, 2025, and 2026. This table is based primarily on information provided by the counties in response to the Department of Legislative Services’ (DLS) and the Maryland Association of Counties’ *FY 2026 Local Government Budget and Tax Rate Survey* conducted during summer 2025, supplemented by DLS follow up with certain counties. The extent to which the revenue amounts are actual vs. projected/estimated varies. The fiscal 2024 amounts are actual revenue amounts, and the fiscal 2025 and 2026 amounts are projected/estimated revenues in most cases; in limited cases, some counties were able to provide actual fiscal 2025 revenue amounts.

**County Development Impact Fees and Excise Tax Rates<sup>1</sup>**  
**Fiscal 2024-2026**

| <b>County</b>                 | <b>FY 2024</b>      | <b>FY 2025</b>  | <b>FY 2026</b>  |
|-------------------------------|---------------------|-----------------|-----------------|
| Anne Arundel <sup>2</sup>     | \$16,217            | \$16,636        | \$16,903        |
| Baltimore <sup>3</sup>        | 1.5% of gross sales | \$6.00/sq. ft.  | \$6.00/sq. ft.  |
| Calvert                       | 12,950              | 12,950          | 12,950          |
| Caroline                      | 5,000               | 5,000           | 5,000           |
| Carroll <sup>4</sup>          | 3,533               | 3,533           | 3,533           |
| Charles                       | 20,330              | 21,351          | 21,972          |
| Dorchester <sup>5</sup>       | 0                   | 0               | 5,000           |
| Frederick <sup>6</sup>        | 17,961              | 18,851          | 19,408          |
| Harford <sup>7</sup>          | 6,000               | 10,000          | 10,000          |
| Howard <sup>8</sup>           | \$9.77/sq. ft.      | \$10.05/sq. ft. | \$10.27/sq. ft. |
| Montgomery <sup>9</sup>       | 56,274              | 56,274          | 59,854          |
| Prince George's <sup>10</sup> | 29,188              | 30,180          | 30,875          |
| Queen Anne's                  | \$5.85/sq. ft.      | \$5.85/sq. ft.  | \$5.99/sq. ft.  |
| St. Mary's                    | 6,697               | 6,697           | 6,697           |
| Talbot <sup>11</sup>          | 9,091               | 9,091           | 9,356           |
| Washington                    | \$1.00/sq. ft.      | \$1.00/sq. ft.  | \$1.00/sq. ft.  |

sq. ft.: square foot

<sup>1</sup> Fees/rates listed are those applicable to single-family detached dwellings and are per dwelling unless otherwise indicated.

<sup>2</sup> Rates are for a 2,000 to 2,499 sq. ft. residential unit. Residential rates vary by the square footage of a unit.

<sup>3</sup> Baltimore County Bill 45-24 established a \$6.00 per square foot development impact fee for residential development effective August 25, 2024.

<sup>4</sup> The schools portion of the impact fee was increased from \$0 to \$3,000, increasing the total impact fee from \$533 to \$3,533, effective September 1, 2023.

<sup>5</sup> The county development excise tax had been suspended since 2014, but the suspension ended in fiscal 2026.

<sup>6</sup> The rates shown reflect the public school and library impact fee total.

<sup>7</sup> The impact fee was increased from \$6,000 to \$10,000 – effective March 1, 2025 – pursuant to Bill No. 24-033.

<sup>8</sup> The fiscal 2024, 2025, and 2026 amounts represent the total of the roads tax amount (\$1.90/sq. ft., \$1.90/sq. ft., and \$1.92/sq. ft., respectively) and the school surcharge amount (\$7.87/sq. ft., \$8.15/sq. ft., and \$8.35/sq. ft., respectively).

<sup>9</sup> Amounts shown in the table represent the highest rates, that only apply in certain areas. The fiscal 2026 amount represents \$31,301 for schools in turnover impact areas and \$28,553 for transportation in yellow and green policy areas. (In fiscal 2026, the other transportation rates are \$22,841 in orange policy areas and \$9,139 in red policy areas, and the other schools rate, in infill impact areas, is \$30,005.)

<sup>10</sup> Amounts shown in the table represent the total of the school facilities and public safety/behavioral health amounts. The fiscal 2026 amount represents \$20,972 for school facilities and \$9,903 for public safety/behavioral health. A lower school facilities rate (\$12,220 in fiscal 2026) applies inside the beltway and to certain development near mass transit, and a lower public safety/behavioral health rate (\$3,303 in fiscal 2026) applies inside Transportation Service Area 1 as defined in the Prince George's County Approved General Plan and to certain development near mass transit.

<sup>11</sup> A lower rate (\$8,080 in fiscal 2026) applies to development inside municipalities.

Source: Department of Legislative Services

**County Development Impact Fee and Excise Tax Revenues  
Fiscal 2024-2026**

| County                  | FY 2024              | FY 2025              | FY 2026              | FY 2024-2025        |              | FY 2025-2026         |               |
|-------------------------|----------------------|----------------------|----------------------|---------------------|--------------|----------------------|---------------|
|                         |                      |                      |                      | Difference          | % Difference | Difference           | % Difference  |
| Anne Arundel            | \$26,733,231         | \$15,890,000         | \$18,144,000         | -\$10,843,231       | -40.6%       | \$2,254,000          | 14.2%         |
| Baltimore <sup>1</sup>  | -                    | -                    | -                    | -                   | -            | -                    | -             |
| Calvert                 | 729,097              | 2,650,094            | 634,314              | 1,920,997           | 263.5%       | -2,015,780           | -76.1%        |
| Caroline                | 100,284              | 100,575              | 100,000              | 291                 | 0.3%         | -575                 | -0.6%         |
| Carroll                 | n/a                  | n/a                  | n/a                  | -                   | -            | -                    | -             |
| Charles                 | 13,399,715           | 14,385,288           | 15,574,000           | 985,573             | 7.4%         | 1,188,712            | 8.3%          |
| Dorchester <sup>2</sup> | 0                    | 0                    | 75,000               | 0                   | 0.0%         | 75,000               | -             |
| Frederick               | 21,569,252           | 18,167,170           | 20,106,910           | -3,402,082          | -15.8%       | 1,939,740            | 10.7%         |
| Harford                 | 2,805,000            | 4,241,956            | 6,000,000            | 1,436,956           | 51.2%        | 1,758,044            | 41.4%         |
| Howard                  | 16,269,060           | 19,400,000           | 20,000,000           | 3,130,940           | 19.2%        | 600,000              | 3.1%          |
| Montgomery              | 15,574,734           | 29,464,000           | 13,832,000           | 13,889,266          | 89.2%        | -15,632,000          | -53.1%        |
| Prince George's         | 52,116,000           | 67,780,660           | 48,000,000           | 15,664,661          | 30.1%        | -19,780,660          | -29.2%        |
| Queen Anne's            | 2,863,257            | 2,606,546            | 2,629,939            | -256,711            | -9.0%        | 23,393               | 0.9%          |
| St. Mary's              | 1,342,508            | 1,500,000            | 1,500,000            | 157,492             | 11.7%        | 0                    | 0.0%          |
| Talbot                  | 769,787              | 993,000              | 1,602,272            | 223,213             | 29.0%        | 609,272              | 61.4%         |
| Washington              | 1,143,263            | 2,038,226            | 600,000              | 894,963             | 78.3%        | -1,438,226           | -70.6%        |
| <b>Total</b>            | <b>\$155,415,187</b> | <b>\$179,217,515</b> | <b>\$148,798,435</b> | <b>\$23,802,328</b> | <b>15.3%</b> | <b>-\$30,419,080</b> | <b>-17.0%</b> |

n/a: not available at the time of publication

<sup>1</sup> The county imposes a development impact surcharge on new nonresidential construction and a development impact fee on new residential construction; however, minimal revenues have been collected from the surcharge and fee to date and substantial revenues are not expected in fiscal 2026.

<sup>2</sup> The county development excise tax had been suspended since 2014, but the suspension ended in fiscal 2026.

Source: Department of Legislative Services