

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 833 (Senator Hershey)  
Budget and Taxation

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**Queen Anne's County - Authorized Uses of Revenues From Development Impact Fees - Expansion**

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This bill authorizes the Queen Anne’s County Commissioners to use the revenue from a development impact fee to finance any capital costs related to the replacement of public school facilities (in addition to other uses authorized in statute or a public local law). **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** None. The bill does not alter the amount of development impact fees that may be imposed or collected by Queen Anne’s County but does expand the eligible uses for these fees to include school construction-related capital costs.

**Small Business Effect:** None.

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**Analysis**

**Current Law:**

*Development Impact Fees and Excise Taxes in Maryland*

Local governments must have authority from the General Assembly in order to impose a development impact fee or excise tax. Code home rule counties, which include Queen Anne’s County, are authorized as a group to impose specified impact fees and excise taxes; the impact fees may be used to finance any of the capital costs of additional or expanded public works, improvements, and facilities required to accommodate new construction or development. A number of other counties have specific authorizations from the General Assembly. Currently, 16 counties in Maryland impose development impact fees or excise taxes, with estimated revenue collections totaling \$148.8 million in fiscal 2026.

**The Appendix – Development Impact Fees and Excise Taxes** provides information on the tax rates imposed by Maryland counties and the associated revenues generated in fiscal 2024 through 2026. The statutory authority for a county to impose a development impact fee or excise tax is provided in the [Guide to Local Government Taxing Authority](#), which is available on the Department of Legislative Services [website](#).

### *Reporting*

Chapters 186 and 187 of 2025 require, by July 1 each year, counties that impose development impact fees, surcharges, or excise taxes to annually report information regarding the collection and use of those fees, surcharges, and excise taxes to the Maryland Department of Planning (MDP). By July 1, 2026, the counties must also submit a report to MDP identifying any local laws that authorize the collection and expenditure of development impact fees, surcharges, or excise taxes. After July 1, 2026, the counties must submit a report to MDP each time the county enacts or amends a local law that authorizes the collection and expenditure of development impact fees, surcharges, or excise taxes.

### *Development Impact Fee*

A development impact fee is a regulatory measure designed to fund facilities specifically required by new development projects in order to mitigate the impact of such development on infrastructure or public facilities. However, there must be a reasonable connection between the amount of the impact fee imposed and the actual cost of providing facilities to the properties assessed. In order to justify the imposition of an impact fee, a jurisdiction must conduct a study that measures the effects that new development will have on public facilities. The amount of an impact fee is subject to judicial review. Moreover, the revenue from the fee must be dedicated to substantially benefit the assessed properties. Thus, a county cannot collect an impact fee in one geographic area and spend the funds in another area.

### *Development Excise Tax*

A development excise tax is another means of raising revenue from new development. Unlike a regulatory impact fee, the amount of an excise tax does not have to be closely related to the actual cost of providing public facilities to serve new development. In addition, excise tax revenues do not have to be spent to specifically benefit the properties that are taxed but may generally be spent throughout the county.

### *Collection and Uses of Development Impact Fees and Excise Taxes*

The impact fee amounts and excise tax rates are generally established in the county implementing ordinance for the impact fee or excise tax or by county resolution. In some cases, limits on the fees or rates are set in the General Assembly authorization for the fee or tax. Different fees and rates often apply to different types of development and, in some

cases, development in different areas of the county. Exemptions and/or waivers or deferrals are often available for certain types of development, such as affordable housing. A number of counties also allow certain conveyances or dedications of land or construction of public facilities by the developer to substitute for payment of the fee or tax.

In counties that impose development impact fees and excise taxes, the charges are collected by the county and are often required to be paid before a building permit or zoning certificate is issued. Municipalities may, in some cases, assist counties in the collection of the charges within their jurisdictions. In a given county, other charges imposed on new development (while not accounted for here as development impact fees or excise taxes) may also be directed partially or wholly toward new or expanded facilities (*e.g.*, water/sewer system development charges or connection charges).

Public services funded by development impact fees and excise taxes include public school construction, libraries, community colleges, transportation, public safety, parks and recreation, and utilities. Statutory restrictions on allowable uses of the impact fee and excise tax 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.

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### **Additional Information**

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

**Designated Cross File:** HB 569 (Delegate Arentz, *et al.*) - Ways and Means.

**Information Source(s):** Interagency Commission on School Construction; Queen Anne's County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2026  
sj/mcr

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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	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