

SB 814 - Impact Fees -FAV - REALTORS.pdf

Uploaded by: Lisa May

Position: FAV



Senate Bill 814 – Local Government - Development Impact Fees, Surcharges, and Excise Taxes – Reporting

Position: Support

Maryland REALTORS® supports SB 814, to provide greater transparency on the amounts and uses of development impact fees.

Impact fees assessed against new housing developments ensure that the public services stemming from the new development can accommodate the additional housing units. Counties require developers to pay their “fair share” of these costs so that they are not absorbed by the existing county residents.

New developments should only be responsible for their “fair share” rather than shouldering the costs attributable to a larger population. This has been confirmed in the courts, where property owners have successfully challenged impact fees that did not have a nexus to the development on which they were charged, or that were not proportionate to the impacts of new housing on local infrastructure.

With SB 814, home builders and property owners will have a clear understanding of what fees and taxes are being charged and what they will be used for and provide clarity on the often hidden costs that are imposed on housing.

For these reasons, Maryland REALTORS® recommends a favorable report.

**For more information contact lisa.may@mdrealtor.org or
christa.mcgee@mdrealtor.org**

MBIA Letter of Support SB 814.pdf

Uploaded by: Lori Graf

Position: FAV

March 4, 2025

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 Miller West Building
Annapolis, MD, 21401

RE: MBIA Letter of Support SB814 - Local Government - Development Impact Fees, Surcharges, and Excise Taxes - Reporting

Dear Chairman Guzzone,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 814 Local Government - Development Impact Fees, Surcharges, and Excise Taxes - Reporting**. MBIA **supports** the Act in its current version.

SB814 would require county governments to make a certain report by July 1 each year to the Governor and General Assembly on the amount and use of county development impact fees, surcharges, and excise taxes.

The intent of this legislation is transparency, majority of counties statewide impose some form of a development impact fee whether it's an impact fee, surcharge fee, or an excise tax. The majority of counties that impose this tax are unable to accurately disclose how much is collected and where that fee goes, even fees that have earmarked intents. In certain jurisdictions development impact fees are expensive, typically the applicant must pay the fee at building permit and then carry the fee until the amount can be recouped through sale. For example in Montgomery, fees are as high as \$56,000 per unit in certain areas and as high as \$30,000 per unit in Prince Georges County outside of the beltway. Fees are also increased based on certain formulas annually in Prince George and bi annually in Montgomery County.

We are finding that jurisdictions are unable to accurately disclose how much in fees is collected and where the fee goes. Counties are seeing aging and failing in infrastructure, overcrowded schools etc. and the industry is penalized despite addressing for their impact through these fees. Penalties include moratoriums in certain counties, increased fee amounts in areas, and additional mitigation fees in some cases. Fees are being used as just additional revenue in most cases - going directly to general funds, when they are supposed to go to specific needs unless an excise tax is in place.

This is common sense legislation that is beneficial to both the applicant and the jurisdiction. SB814 would aid counties in better tracking these fees and understanding where the money is going.

For these reasons, MBIA respectfully urges the Committee to give this measure **a favorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee

SB0814-BT_MACo_SWA.pdf

Uploaded by: Dominic Butchko

Position: FWA



Senate Bill 814

Local Government – Development Impact Fees, Surcharges, and Excise Taxes – Reporting

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: March 4, 2025

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 814 **WITH AMENDMENTS**. This bill requires counties to report certain data on the collection and use of impact fees. MACo amendments seek to make the requirements implementable across all 24 counties.

Impact fees are one-time charges imposed by counties on new developments to help cover the cost of public infrastructure and services needed due to growth. These fees fund projects like roads, schools, parks, and utilities, ensuring that new construction doesn't overwhelm existing capacity. Developers typically pay impact fees before receiving building permits, and the amount is based on the projected impact of the development. Unlike in states such as California, Maryland counties must go through an analysis to determine appropriate levels of fees and these decisions are subject to judicial review. Additionally, counties are required to use the revenue generated in the impacted geographic area.

According to a [2021 DLS Report on Local Impact Fees](#):

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.

In some jurisdictions, fees are not high enough to fully cover the cost of expanding infrastructure. In these scenarios, county leaders are in a “catch 22” scenario where they likely need to raise fees to pay for infrastructure but raising fees means adding additional burdens to home development. In September 2024, [Harford County completed a study](#) regarding their school impact fees. Currently, Harford assesses an impact fee of \$6,000, \$4,200, and \$1,200 for every single-family home, townhouse, or multi-family unit, respectively. If impact fees were to cover the entire cost of additional school construction, fees would need to be increased to \$12,819; \$13,692; and \$7,989, or the county must divert resources from their general funds, likely constraining other public services and programs.

Counties recognize the intent of SB 814 in the interests of both transparency and good governance. The core concern is that counties do not track impact fees by “legislative, councilmanic, or commissioner

district.” MACo offers three amendments, both of which the Association believes to be friendly, to ensure the reporting requirements outlined in the bill can be implemented by all 24 jurisdictions:

Amendment #1

On page 2, line 30, through page 3, line 2, STRIKE “BY” through “LOCATED”.

Amendment #2

On page 3, in lines 5-6, STRIKE “IN” through “ARE”.

Amendment #3

On page 3, after line 19, INSERT,

“(E) ON OR BEFORE JULY 1, 2025, AND UPON EVERY UPDATE OR AMENDMENT THERE AFTER, EACH COUNTY SHALL REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE LOCAL LEGISLATION WHICH AUTHORIZES THE COLLECTION AND EXPENDITURE OF DEVELOPMENT IMPACT FEES, SURCHARGES, OR EXCISE TAXES”

MACo thanks the sponsor for being a strong partner to county governments in addressing the state’s housing challenges. With these amendments, SB 814 would recognize the diversity in data tracking across the state and would be implementable by all 24 county jurisdictions. For these reasons, MACo **urges the Committees to give** SB 814 a report of **FAVORABLE WITH AMENDMENTS**.