**HB 1230**                                                        **DATE:  March 11, 2025**

**SPONSOR:**  Montgomery County Delegation and Prince George's County Delegation

**ASSIGNED TO:**  Environment and Transportation

**CONTACT PERSON:**  Kathleen Boucher      (Kathleen.boucher@montgomerycountymd.gov)

**COUNTY POSITION:**  Support with Amendments

### Washington Suburban Sanitary Commission –
### System Development Charge – Exemptions

Current law requires the Washington Suburban Sanitary Commission (WSSC Water) to impose a System Development Charge (SDC) for new water and/or sewer service and requires the Montgomery County Council and Prince George's County Council to meet each year to establish the amount of WSSC Water's SDC.  Current law requires the two Councils to establish a mandatory full or partial SDC exemption for publicly sponsored or affordable housing (amounts to be determined by the two Councils).  Current law authorizes each Council to grant SDC exemptions (amounts to be determined by the two Councils) for:  (1) revitalization projects; (2) property owned by a community-based organization whose primary mission is providing recreational and educational programs and services (up to a cap of $80,000); (3) property used primarily for child care or after-school care; (4) property used primarily for programs and services for developmentally disabled individuals; (5) retirement communities and other elderly housing; and (6) property used for manufacturing or biotechnology research and development.

WSSC Water's annual SDC charges and SDC exemptions are established each year in resolutions passed by the two Councils as a part of the annual budget approval process for WSSC Water.  For example, the FY25 WSSC System Development Charge Resolution passed by the Montgomery County Council on May 16, 2024 (Resolution 20-509) established SDC charges and defines the current eligibility criteria for each SDC exemption category listed above, sets the amounts of each exemption, and establishes a total maximum amount for all exemptions (currently $500,000 per year).

This bill modifies the parts of State law that apply to Montgomery County to make it clear that the County must grant an exemption to eligible projects, as defined in the annual Council resolution, on a first come first serve basis until the total maximum amount approved by the Council is allocated.  The Council retains authority to define eligibility criteria, set exemption amounts, and establish a total maximum amount for all exemptions.  The bill specifies that

Montgomery County may not require an applicant for an SDC exemption to own the property for which the exemption is sought.  This part of the bill repeals an existing ownership requirement in State law that applies to property used for recreational and educational programs and overrides ownership requirements established by the Montgomery County Council in its annual SDC resolution for property used for childcare and after-school purposes or for services to developmentally disabled individuals.  Finally, the bill requires Montgomery County to submit an annual report to the Montgomery County Delegation each year that includes the application process for each exemption, total number of applications received, and total number and amount of exemptions granted.

The Montgomery County House Delegation voted to support this bill with amendments that clarify the type of information regarding SDC exemptions for publicly sponsored and affordable housing projects that must be contained in the annual report to the Delegation.  The Delegation also supported amendments adopted by the Prince George's County House Delegation that apply the annual reporting requirement in the bill to SDC exemptions granted for projects located in Prince George's County.

The County Executive and County Council support the bill with the amendments adopted by the Montgomery County House Delegation and respectfully request that the Environment and Transportation Committee give this bill a favorable report with those amendments.