



## TESTIMONY

**COMMITTEE:** Senate Education, Energy, and the Environment

**DATE:** February 17, 2026

**POSITION:** Favorable with Amendments

**BILL:** SB 325

The Maryland Municipal League (MML) shares the Administration’s goal of promoting predictability in the housing development process. Municipalities across Maryland want projects to move forward efficiently, under clear and transparent rules. Regulatory certainty, when properly structured, benefits applicants, communities, and the State alike.

Senate Bill 325 would require that housing development project applications be reviewed and decided under the laws and regulations in effect at the time a “substantially complete application” is submitted. The bill establishes a 15-day deadline for determining application completeness, after which an application may be deemed complete if no action is taken within 20 days. Once approved, a residential project would receive a vested right for a minimum of five years. The bill also prohibits local governments from collecting development excise taxes or development impact fees on residential projects until after construction is complete and occupancy requirements are met.

MML is prepared to continue good-faith discussions regarding vesting and regulatory certainty. However, as drafted, several provisions raise significant administrative, fiscal, and public safety concerns.

### **Application Completeness & Timelines**

The bill requires local regulatory authorities to determine whether an application is “substantially complete” within 15 days, or it is deemed complete after 20 days. The bill does not clarify whether those are calendar or business days. More importantly, the timeline does not account for the complexity of many site plans, subdivision applications, or multi-agency technical reviews.

Local planning departments must coordinate with public works, fire, environmental, and engineering professionals to ensure compliance with state and local law. Deeming an application complete based solely on a statutory deadline, rather than a technical determination, creates legal exposure and undermines sound review practices.

We support amendments clarifying:

- That timelines are based on business days; and
- That “complete application” is defined as an application containing all materials required for substantive review, as determined by the local jurisdiction.

Certainty should not come at the expense of professional due diligence.

### **Scope of Regulatory Lock-In**

The bill’s definition of “housing development project application” is extremely broad, encompassing building permits, certifications, site plans, subdivision approvals, conceptual plans, and “any other determination” by a local authority. Because the vesting clock begins upon submission of a substantially complete application for any part of the approval

*Property Tax comprises 50% of the General Fund Budget of the Average Municipality in Maryland*

process, this structure risks locking in not only zoning standards, but also development and construction standards for large-scale projects that may span decades.

Municipalities agree that zoning and land use standards should not shift midstream. However, building codes are fundamentally different. They are updated regularly, often every three years, to reflect advances in safety, fire protection, accessibility, and structural standards. Locking in outdated building codes for five years could directly affect public health and safety.

We support amendments to:

- Limit vesting to zoning and land use standards, not building codes;
- Clarify that building permits are reviewed under the building code in effect at the time of permit submission; and,
- Ensure that amendments to previously approved site plans are reviewed under the zoning laws in effect at the time of the amendment submission.

These adjustments preserve development certainty while maintaining core health and safety protections.

### **Vesting Period**

The bill establishes a five-year minimum vesting period. MML worked constructively on similar vesting concepts last year and recognizes the importance of predictability in the development process. While some jurisdictions would prefer a shorter default period, particularly given that building codes are often updated every three years, our primary concern is not the duration itself, but ensuring that vesting applies appropriately to land use approvals without unintentionally freezing unrelated regulatory frameworks. With appropriate amendments addressing scope and applicability, municipalities can continue to work productively on the vesting framework.

### **Impact Fees & Excise Taxes**

The most significant concern in the bill is the prohibition on collecting development excise taxes or development impact fees until after construction is complete and occupancy requirements are met. Development impact fees are designed to finance the capital costs of additional or expanded public works and facilities required to serve new development. Infrastructure impacts begin the moment development activity starts, not after occupancy. Under current practice, many municipalities collect fees at building permit issuance so that roads, water and sewer improvements, stormwater infrastructure, and public safety capacity can be constructed in parallel with development.

Requiring collection only after construction completion:

- Shifts 100% of financing risk to local governments;
- Delays infrastructure funding needed to support new residents;
- Creates cash-flow and bonding challenges; and
- Generates administrative complications, particularly in phased developments or jurisdictions that share fee structures with counties.

While the bill allows a local government to withhold occupancy permits if fees are unpaid, tying payment to certificates of occupancy creates logistical and political challenges. In practice, it risks placing homebuyers in the middle of disputes between jurisdictions and developers through no fault of their own.

MML supports the compromise framework advanced by local governments that would:

- Allow collection of up to 50% of development excise taxes or impact fees prior to issuance of a building permit;
- Allow collection of the remaining balance prior to issuance of a certificate of occupancy; and
- Clarify that impact fees may continue to be imposed to finance public works and facilities required to accommodate new construction.

This balanced approach preserves development certainty while ensuring that infrastructure funding aligns with infrastructure demand.

MML appreciates the Administration's commitment to promoting housing development and regulatory certainty. Municipalities are partners in that effort and are actively advancing housing production across the State. We remain committed to working in good faith with the bill sponsors, the Department, and our county partners to reach a workable compromise that promotes housing while preserving fiscal responsibility, administrative practicality, and public safety.

For these reasons, the Maryland Municipal League would request a favorable report contingent upon the adoption of amendments addressing these concerns.

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For more information relating to this piece of testimony, please contact:  
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