



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

June 6, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DH*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-037-2018 DR-1 Public Safety Surcharge

Legislative Summary

CR-037-2018 seeks to adjust the County's public safety surcharge for annual changes in the CPI rate for Fiscal Year 2019, beginning July 1, 2018, as required by State law.

Background

Prince George's County Code (the "Code") Section 10-192.11(a) authorizes the County Council to impose a public safety surcharge on new residential construction for which a Preliminary Plan has been approved on, or after, July 1, 2005. Section 4-352 of the Code requires annual adjustment of the established public safety surcharge for inflation, in accordance with the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Department of Labor, for the fiscal year preceding the year for which the amount is being calculated, pursuant to State Law.

Resource Personnel

Clarence Moseley, Permits Supervisor, Department of Permitting, Inspections and Enforcement (DPIE)
Stanley A. Early, Director, Office of Management and Budget (OMB)

Assumptions and Methodology

The Consumer Price Index (CPI) for All Urban Consumers shows a percentage change increase of 2.5% between April 2017 and April 2018. Applying the 2.5% increase to the current FY 2018 public safety surcharge rates of \$2,515 (Developed Tier, as defined by the Maryland-National Capital Park and Planning Commission in the Prince George's County Approved General Plan, and inside an area included in certain basic plans or conceptual site plans) and \$7,541 (all other buildings) produces new FY 2019 public safety surcharge rates of \$2,578 (Developed Tier, as defined by the Maryland-National Capital Park and Planning Commission in the Prince George's County Approved General Plan and inside an area included in certain basic plan or conceptual site plans) and \$7,730 (all other buildings), reflecting an increase of \$63 and \$189, respectively.

Information provided by DPIE staff indicates that 835 residential permits were subject to the public safety surcharge, equating to a collection of \$4,525,874 in fees for fiscal year 2018. Assuming the number of permits issued subject to the surcharge during fiscal year 2018 remains flat, with approximately 42% issued for properties within the Developed Tier, or areas included in certain basic or conceptual site plans, and 58% issued for all other buildings, total public safety surcharge revenues in FY 2019 are estimated at approximately \$4,647,744. Applying the 2.5% inflation adjustment, as proposed in CR-037-2018, will result in an estimated increase of approximately \$122,000 in public safety surcharge revenues than what would have been generated from the existing FY 2018 public safety surcharge rates, based upon our estimated number of building permits subject to the surcharge.

Fiscal Impact

- Direct Impact

Adoption of CR-037-2018 may increase County revenue by an estimated \$122,000 in FY 2019, based on an estimated 835 permits being issued subject to the surcharge.

- Indirect Impact

Adoption of CR-037-2018 should not have an adverse fiscal impact on the County.

Appropriated in the Current Fiscal Year Budget

The public safety surcharge appropriation included within the FY 2019 approved budget includes the 2.5% inflationary adjustment.

Effective Date

July 1, 2018

If you require additional information, or have questions about this fiscal impact statement, please call me.