

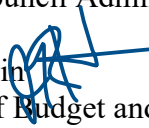



July 7, 2023

**FISCAL AND POLICY NOTE**

TO: Jennifer A. Jenkins  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin   
Director of Budget and Policy Analysis

FROM: Roger G. Banegas   
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CR-063-2023, Public Safety and Behavioral Health Surcharge

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**CR-063-2023** (*Proposed by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

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A RESOLUTION CONCERNING PUBLIC SAFETY AND BEHAVIORAL HEALTH SURCHARGE for the purpose of adjusting the Public Safety and Behavioral Health Surcharge for Fiscal Year 2024, beginning July 1, 2023, as required by State law.

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**Fiscal Summary**

**Direct Impact:**

*Expenditures:* None.

*Revenues:* Likely increase in revenues due to the higher charge.

**Indirect Impact:**

None likely.

## Legislative Summary

CR-063-2023<sup>1</sup>, proposed by the Chair at the request of the County Executive and sponsored by Council Members Dernoga, Harrison, Watson, Hawkins, and Oriadha, was introduced on June 13, 2023, and referred to Government Operations and Fiscal Policy (GOFP) Committee. On July 5, 2023, the Council discharged CR-063-2023 from the GOFP Committee and referred it to the Committee of the Whole. CR-063-2023 would set the Public Safety and Behavioral Health Surcharge in Fiscal Year 2024 for permits issued within the Developed Tier (as defined by the Maryland-National Capital Park and Planning Commission (M-NCPPC) in the Approved General Plan) at \$3,123 and \$9,362 for permits of all other buildings.

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## Current 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 an 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. The Fiscal Year 2023 public safety surcharge is \$2,977 for permits issued inside the Developed Tier and inside an area included in a certain basis or conceptual site plan and \$8,925 for permits issued for all other buildings. The surcharge collection occurs upon the issuance of a building permit after approval of the preliminary plan.

Chapter 567 of the 2021 Laws of Maryland expanded the use of the County's existing public safety surcharge to include behavioral health programs.<sup>2</sup> With this expansion, revenue collected via the Surcharge may be used only for the following:

- The construction or rehabilitation of public safety facilities.
- The purchase of equipment or communications devices used in connection with law enforcement, firefighting, or emergency services activities, including protective body armor, surveillance devices, weapons, ladder trucks, ambulances, police cruisers, and rescue vehicles.
- The operation of behavioral health programs offered by the County; or
- The construction or rehabilitation of behavioral health program facilities in the County.<sup>3</sup>

Section 10-192.11(g) requires the County Executive to prepare an annual report to include a detailed description of how the surcharge revenues were expended and the amount that was collected on or before October 31 of each year for the County Council, the Prince George's County Senate Delegation, and the Prince George's County House Delegation.

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<sup>1</sup> [CR-063-2023](#)

<sup>2</sup> <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0977/?ys=2021rs>

<sup>3</sup> <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0977/?ys=2021rs>

## Resource Personnel

- David B. Juppe, Office of Management and Budget
- Stanley A. Earley, Office of Management and Budget

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## Discussion/Policy Analysis

With the enactment of House Bill 977<sup>4</sup> during the 2021 Regular Legislative Session, the authorized uses for revenues received from the surcharge expanded to include behavioral health program expenditures and the construction or rehabilitation of behavioral health program facilities. Mental health is a critical component of overall health and wellness; therefore, the additional permissible uses of this funding source allow for expanding behavioral health services within the County, thereby bolstering the continuum of care for those most in need. These services include mental health, substance misuse services, and alcohol and drug prevention programs, to name a few.

The Consumer Price Index for All Urban Consumers during April 2022 compared to April 2023 shows an inflation rate of 4.9%.<sup>5</sup> For permits issued inside the Transportation Service Area 1, this legislation would increase the surcharge by \$146 to \$3,123. This legislation would increase the surcharge by \$437 to \$9,362 for permits outside the Transportation Service Area 1. Please note that line 13 of CR-063-2023 should be amended to reflect the change made to Section 10-192.11(b)(1)(B)(i) of the Prince George's County Code through the enactment of CB-099-2021<sup>6</sup>. The specific change is technical: renaming "Developed Tier" to "Transportation Service Area 1" to be consistent with the approved General Plan terminology.

<b>Fiscal Year</b>	<b>Transportation Service Area 1</b>	<b>All Other Buildings</b>
2011	\$2,240	\$6,718
2012	\$2,312	\$6,933
2013	\$2,365	\$7,092
2014	\$2,391	\$7,170
2015	\$2,439	\$7,314
2016	\$2,434	\$7,299
2017	\$2,461	\$7,379
2018	\$2,515	\$7,541
2019	\$2,578	\$7,730
2020	\$2,630	\$7,885
2021	\$2,638	\$7,909
2022	\$2,749	\$8,241
2023	\$2,977	\$8,925
2024	\$3,123	\$9,362 <sup>7</sup>

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<sup>4</sup> [HB-977 2021](#)

<sup>5</sup> [Consumer Price Index, West Region](#)

<sup>6</sup> [CB-099-2021](#)

<sup>7</sup> [Sec. 10-192.01 of the Prince George's County Code](#)

## **Fiscal Impact**

### *Direct Impact*

Adoption of CR-063-2023 will likely have a significant favorable direct fiscal impact, dependent upon permit and development activities, via the increased amount of the surcharges. According to the School Facilities and Public Safety and Behavioral Health Surcharge Annual Report provided by the Office of Management and Budget, in FY 2022 (the last complete fiscal year as of the date of the Report), the surcharge raised approximately \$19.6 million, which was used to fund capital projects for Police and Fire/EMS services.

### *Indirect Impact*

Adoption of CR-063-2023 is unlikely to have an indirect fiscal impact on the County.

### *Appropriated in the Current Fiscal Year Budget*

The Public Safety and Behavioral Health Surcharge appropriation included within the FY 2024 approved capital budget to offset debt service principal and interest costs includes the 4.9% inflationary adjustment.

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## **Effective Date of Proposed Legislation**

The proposed Resolution shall be retroactively effective on July 1, 2023.

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Please call or email me if you require additional information or have questions about this fiscal impact statement.