



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations


June 27, 2022

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Cassandra Fields 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-079-2022, Public Safety and Behavioral Health Surcharge

CR-079-2022 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING PUBLIC SAFETY AND BEHAVIORAL HEALTH SURCHARGE for the purpose of adjusting the Public Safety and Behavioral Health Surcharge for Fiscal Year 2023, beginning July 1, 2022, as required by State law.

Fiscal Summary

Direct Impact:

Expenditures: None.

Revenues: Potentially increased due to the increase in the assessment rate.

Indirect Impact:

None likely.

Legislative Summary

CR-079-2022, proposed by Council Chair Hawkins at request of the County Executive, was introduced on June 21, 2022 and referred to the Committee of the Whole (COW). CR-079-2022 would set the Public Safety and Behavioral Health Surcharge in Fiscal Year 2023 for permits issued within the Developed Tier (as defined by the Maryland-National Capital Park and Planning Commission (MNCPPC) in the Approved General Plan) at \$2,977, and at \$8,925 for permits of all other buildings.

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 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 2022 public safety surcharge is \$2,749 for permits issued inside the Developed Tier and inside an area included in a certain basis or conceptual site plan, and \$8,241 for permits issued for all other buildings. The collection of the surcharge 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.¹ With this expansion, revenue collected via the Surcharge may be used only for:

- 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.²

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. The is to be disseminated to the County Council, and the Prince George's Senate and House Delegations by March 1st each year. HB 394, enacted during the 2022 regular session, altered the reporting due date from March 1st to October 31st each year.³

¹ <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0977/?ys=2021rs>

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

³ <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0394>

Resource Personnel

- David B. Juppe, Revenue Analyst, Office of Management and Budget
 - Stanley A. Earley, Director, Office of Management and Budget
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Discussion/Policy Analysis

With the enactment of House Bill 977 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 the expansion of 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 the period of April 2021 compared to April 2022, shows an inflation rate of 8.3%.⁴ For permits issued inside the Developed Tier, this legislation would increase the surcharge by \$228 to \$2,977. For permits issued outside the Developed Tier, this legislation would increase the surcharge by \$684 to \$8,925.

Fiscal Year	Developed Tier Construction	All Other Buildings
2009	\$2,207	\$6,619
2010	\$2,192	\$6,573
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 ⁵

⁴ https://www.bls.gov/regions/west/news-release/2022/consumerpriceindex_west_20220511.htm#:~:text=Consumer%20Price%20Index%2C%20West%20Region%20%E2%80%94%20April%202022,the%20U.S.%20Bureau%20of%20Labor%20Statistics%20reported%20today.

⁵ https://library.municode.com/md/prince_george's_county/codes/code_of_ordinances?nodeId=PTITI17PULOLAPRGECOMA_SUBTITLE_10FITA_DIV7TATACR_SD2SCFASU_S10-192.01SCFASU

Fiscal Impact

Direct Impact

Adoption of CR-079-2022 will likely have a significant favorable fiscal impact, dependent upon permit and development activities. In FY 2021, the surcharge raised approximately \$20.7 million, which was used in its entirety to fund capital projects for Police and Fire/EMS services. The Office of Budget and Management reports that as of June 23, 2022, the County is in receipt of \$16.1 million in FY 2022, but this is attributed to permit activity being less than the prior fiscal year. FY 2023 fee revenue is projected to raise approximately \$21 million, based on the assumption of 2,500 building permits and the ratio of development inside (8.5%) vs. outside the beltway (91.5%), and based on FY 2021 levels.

Indirect Impact

Adoption of CR-079-2022 should not have any 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 2023 approved capital budget to offset debt service principal and interest costs includes the 8.3% inflationary adjustment.

Effective Date of Proposed Legislation

The proposed Resolution shall become effective on the date of its adoption.

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