October 14, 2025

FISCAL AND POLICY NOTE

TO: Colette R. Gresham, Esq.
Acting Council Administrator

Karen T. Zavakos, Esq.
Acting Associate Council Administrator

THRU: Lavinia Baxter
Senior Budget and Policy Analyst

FROM: Alex Hirtle
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-063-2025 Third-Party Inspection Program

CB-063-2025 (*proposed by*: Chair Burroughs)

Assigned to the Transportation, Infrastructure, Energy and Environment (TIEE) Committee

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AN ACT CONCERNING THIRD-PARTY INSPECTION PROGRAM for the purpose of establishing the Third-Party Inspection Program within the Department of Permitting, Inspections, and Enforcement; to establish the purposes and uses for the Third-Party Inspection Program; to define certain terms related to the Third-Party Inspection Program; to provide certain liability clause standards for Third-Party Inspector agreements; and generally related to the establishment of the Third-Party Inspection Program.

Fiscal Summary

Direct Impact:

Expenditures: Probable modest additional expenditures.

Revenues: No direct revenues foreseen.

Indirect Impact:

Potentially favorable

Legislative Summary:

CB-063-2025 was presented on July 1st, 2025 and referred to the Transportation, Infrastructure, Energy and Environment (TIEE) Committee. It was held in Committee on September 11th, 2025. This bill mandates that the Department of Permitting, Inspections and Enforcement (DPIE) establish a building inspection procedure that utilizes qualified, third-party professionals in addition to the County's Quality Assurance Inspectors to document field inspections of commercial building construction projects, commercial alterations, and other specified projects permitted by the DPIE. The Department shall ensure that all Field Inspectors are licensed and insured, and follow prerequisite standards outlined in the program. Qualified Assurance Inspectors will be appointed to each project, and provisions in the liability clause of every contract awarded will require the Field Inspector to reimburse the County for all legal costs, expenses, and damages paid by the County if legal action occurs due to inadequate inspection and/or a Class 1 violation was issued against the County and caused or substantially contributed to the legal action.

Current Law/Background:

CB-063-2025 amends Sections 316-319 of Subtitle 4, Buildings- Third-Party Inspections Program. The legislation was initiated by a third-party inspector contracted by the County that was involved with a retaining wall in Fort Washington's Tantallon community. The wall eventually failed, forcing the County to demolish two adjacent homes that were compromised. The homeowners were forced to find new residence.[1]

The amended legislation provides for new requirements for non-County inspectors, and safeguards to the County to ensure the County is not responsible for Class 1 violations where legal action is taken against the County.

Resource Personnel:

- Josh Hamlin, Legislative Attorney
- Pleshette Monroe, Director of Operations (District 8)

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[1] https://www.nbcwashington.com/news/local/prince-georges-county/2-prince-georges-homes-to-be-leveled-because-of-failing-retaining-wall/2631989/#:~:text=A%20failed%20retaining%20wall%20is,of%20this%2C%E2%80%9D%20McCarthy%20said. and conversation with District 8 staff.

Discussion/Policy Analysis:

The incident at Tantallon provided an opportunity for the County to recognize the importance of having third-party contractors properly trained, certified, and insured to ensure our jurisdiction is not held libel for mis-actions during the permitting and construction of development. With that said, there are several questions regarding the text of this legislation that need to be addressed to fully protect the County from future liability (references are all from DR-1 of the Bill):

- Page 2, lines 1-2- the text appears to focus on "commercial" building construction projects and alterations. Would this legislation cover "residential" construction?
- Page 2, line 15- the term "Inspector of Record" is capitalized, but is not defined in this section of the Code.
- Page 3, line 7 and henceforth- "Building Code Inspector" is capitalized but never defined in this section of the Code.
- Page 3, line 9 and henceforth- the terms "Department" and "Building Code Inspector" need to be fully understood in the legislative context to ensure legal scrutiny in the event the County is held libel in future development projects.
- Page 3, line 10- the term "Insured" is defined with coverage in the amount of $1 million. This financial cap needs to be reviewed given the cost of construction in the current market.
- Page 3, lines 19 and 20- does this legislation only cover a "Class 1 violation"? If the County was held libel for a Class 2 violation, is our jurisdiction in a position to cover that loss?

Fiscal Impact:

- *Direct Impact*

Enactment of CB-063-2025 will most likely have a modest negative fiscal impact on the County. The increased demands on DPIE this Bill mandates will most likely require additional administrative duties, which may require more staff or overtime in a department that is already strained to be fully staffed. The long-term direct impact, although may provide financial savings to the County in terms of being covered for any future legal action due to third-party inspectors in the permitting and construction processes of development.

- *Indirect Impact*

Enactment of CB-063-2025 should have a favorable indirect impact on the County by ensuring increased safety and higher quality permitting and construction processes due to the higher standards set upon third-party inspectors who perform work on development projects within our jurisdiction.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.