



June 26, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Collette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Lavinia Baxter 
Senior Legislative Budget and Policy Analyst

Policy Analysis and Fiscal Impact Statement
CR-050-2024 Department of Permitting, Inspections and Enforcement - Fee Schedules

CR-050-2024 (*proposed by:* Council Member Oriadha)

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

A RESOLUTION CONCERNING DEPARTMENT OF PERMITTING, INSPECTIONS AND ENFORCEMENT – FEE SCHEDULES for the purpose of requiring the Department of Permitting, Inspections and Enforcement to examine its schedule of fees and report its assessment and statement of justification to the County Council for consideration.

Fiscal Summary

Direct Impact:

Expenditures: Additional expenditures likely for additional staff or contract.

Revenues: Potentially significant increase in revenues.

Indirect Impact:

Potentially favorable.

Legislative Summary:

CR-050-2024, sponsored by Council Member Oriadha, was introduced on June 4, 2024, and referred to the Transportation, Infrastructure, Energy and Environment (TIEE) Committee. The Resolution is for the purpose of requiring the Director of the Department of Permitting, Inspections and Enforcement (DPIE) to examine its schedule of fees and report its assessment and statement of justification to the County Council for consideration.

Current Law/Background:

The Bill would add a new section to the Code, Sec. 4-356 (DPIE reporting) to Subtitle 4 (Building), Division 5 (Administration). Section 4 Division 5-4352 and Sec. 2-253.63. - Fees and Charges outlines the fees that DPIE and Maryland National Capital Park and Planning Commission assess for grading, building construction, and removal. On DPIE's website, there are over 30 PDF pages with various fees, covering everything from building permits to site road and deck permits. On the low end, fees start at \$.27 for duplication services and go over \$19,000 for school facilities surcharges outside the beltway. With the passage of CB-34-2022, which took effect on July 1, 2023, all fees were combined into one fee schedule.

There is no policy for *regular* review or reporting of fees in the County Code. Rather, there is a provision for the Director to make changes to the Table of Fees on an as-needed basis. Division 14c - 2-253.63, states:

“The Director or the County Council shall have the authority to change the fees from time to time as is determined necessary; and the Director shall republish the Table of Fees which shall be posted in the Department of Permitting, Inspections and Enforcement's Permit Office and on its website.”

Division 4, Section 13-189 (c) titled, Schedule of Fees, Refunds; Review of Fees, states:

“The schedule of fees shall be subject to review and revision periodically as experience dictates to insure that the fees are equitable and in line with costs of administration of this Division. The fees for single-family rental facilities shall only be amended by Council Resolution.”

An examination of fee increase laws passed in the last five years in the Prince George's County Code reveals that approximately 13 bills have been passed to update or add new fees to the fee

schedule. Most of these bills pertain to increases for permit reviews, short-term rentals, U&O, and business licensing. The most recent comprehensive DPIE fee adjustment was done via CR-082-2021,¹ which increased all fees maintained by the DPIE by ten (10%) percent.

Resource Personnel:

- Tiffany Hannon, Chief of Staff, Council District 7

Discussion/Policy Analysis:

The Department of Planning and the Department of Permitting, Inspections, and Enforcement collect many fees to address licensing, planning permitting, and inspection costs. As mentioned, permitting fees are comprehensively listed in Section 2-253.63, titled Fees and Charges.

What about our neighbors?

Our closest neighbors use similar language in their Code, providing for the County Executive or Director for Permitting to adopt fees *from time to time*. In the District of Columbia² this language is scattered throughout the code, as is the case in Montgomery County, where the Department of Permitting Services is the governing body for permits. In Anne Arundel County, the Code mandates that the Zoning Hearing Officers review impact fees every three years.³

Unlike utilities, which undergo regular annual rate increases and from time-to-time cost of service studies, it is unclear what the standard is for review of permitting agency fees such as DPIE. The International Building Code (IBC) sets the standards for development and building and is the basis by which land and building development regulatory agencies evaluate building plans. It has over 1,500 standards developed by international standards organizations and is updated every three years through an open consensus-based process.⁴ The IBC also has a development tool called the Building Valuation Tool (BVT) which is a resource to jurisdictions across the U.S. to help justify typical increases of permit fees as well as formulate outdated fees that have not been increased at regular intervals.⁵ The tool, updated twice a year, helps with estimations and benchmarking.

Evaluation

Although this Bill will give the council members the flexibility to review the schedule of fees and from time-to-time increase or decrease fees, it does not provide a time factor on how often this exercise should take place, leaving the possibility that fees could be unaddressed for a considerable

¹ CR-082-2021

² § 6-661.01. Mayor to prescribe fees for permits, certificates, and transcripts by Director of the Department of Buildings; schedule of fees to be displayed. | D.C. Law Library (dccouncil.gov)

³ § 17-11-204. Computation of fees - Fee schedule. (amlegal.com)

⁴ International Codes and Standards - ICC Global (iccsafe.org)

⁵ Building Valuation Data - ICC (iccsafe.org)

amount of time or in between administrations. Benefits of the Bill include the potential for benchmarking, transparency for the public, and potential increased revenue. Ideally, this could be an exercise undertaken before or during the budget process with implementation in the new fiscal year.

Questions to Consider

1. *How often are DPIE's fees reviewed?*
2. *What methods and metrics are used for review?*
3. *Are fees tied to CPI or some other type of escalator?*
4. *Does Council expect this to be an ongoing exercise?*

Fiscal Impact:

- *Direct Impact*

Adoption of CR-050-2024 is likely to have an adverse fiscal impact. It is Council staff's understanding that the intention of the Bill's sponsor is that agency staff conduct and perform the reviews of the fee schedule. It is likely that conducting the reviews of the scope provided in the resolution will likely have a significant staff workload impact. Alternatively, the County could contract with a third party to perform the reviews, a potentially significant cost. The Administration did not provide any additional information requested by Council staff.

- *Indirect Impact*

Adoption of CR-050-2024 could have a favorable indirect impact by increasing the health, safety, and quality of life for County residents, including road and safety programs, pedestrian awareness, and other projects to reduce transportation accidents and fatalities.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

This Resolution goes into effect on the date of its adoption.

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