





June 10, 2025

FISCAL AND POLICY NOTE

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

Karen T. Zavakos
Associate 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 Statement
CR-073-2025 School Facilities Surcharge

CR-073-2025 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole (COW)

A RESOLUTION CONCERNING SCHOOL FACILITIES SURCHARGE for the purpose of adjusting the School Facilities Surcharge for Fiscal Year 2026, beginning July 1, 2025, as required by State law.

Fiscal Summary

Direct Impact:

Expenditures: No expenditure impact.

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

Indirect Impact:

None likely.

Legislative Summary

CR-073-2025¹, proposed by the Chair at the request of the County Executive, was introduced on June 10, 2025, and referred to the Committee of the Whole (COW). CR-073-2025 would set the School Facilities Surcharge at \$12,220 for permits issued for buildings between Interstate Highway 495 and the District of Columbia and for permits issued for buildings included within a basic plan or conceptual site plan that abuts an existing or planned mass transit rail station site operated by the Washington Metropolitan Area Transit Authority; and \$20,972 for permits issued for all other buildings for Fiscal Year 2026.

Current Law/Background

Prince George's County Code (the "Code") Section 10-192.01(a) authorizes the County Council to impose a school facilities surcharge on new residential construction for which a building permit is issued on or after July 1, 2003. The school facilities surcharge applies to all buildings unless the building is exempted under Section 10-192.01 or qualifies for a reduction in the surcharge. Section 10-192.01(b)(1)(B) of the Code requires an annual adjustment of the established school facilities 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 collection of the surcharge occurs upon the issuance of a building permit after approval of the preliminary plan.

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

Development impact fees are a way for local governments to increase revenue to mitigate the cost of new or expanded facilities and services needed as a result of an increase in population from new development in an area. Often considered as a de-facto tax, development impact fees, in their role of offsetting the impact of constructing or expanding facilities, can stave off County-wide tax increases by putting the onus on the development responsible for the increase in demand. Additionally, development impact fees can be used to discourage suburban sprawl. Overall, it is cheaper for local governments to provide services to more compact communities as, for example, sewage and electric lines are shorter, and travel times for police and fire departments are decreased in these areas. Consequently, charging a higher impact fee on new construction in sprawling neighborhoods to account for the greater impact on government services will discourage this type of construction for more compact, transit-oriented localities.

¹ [CR-073-2025](#)

Pursuant to State law, CR-073-2025 seeks to amend the Fiscal Year 2026 school facilities surcharge for inflation based upon the change in the Consumer Price Index for All Urban Consumers (CPI-U).

The CPI-U shows an increase of 2.3% between April 2024 and April 2025.² Applying the 2.3% increase to the current (FY 2025) school facilities surcharge rates of \$11,950 (buildings between Interstate Highway 495 and the District of Columbia and buildings included within a basic plan or conceptual site plans that abuts an existing or planned mass transit rail station site operated by the Washington Metropolitan Area Transit Authority (WMATA) or by the Maryland Transit Administration (MTA) and \$20,500 (all other buildings) produces new FY 2026 school facilities surcharge rates of \$12,220 (buildings between Interstate Highway 495 and the District of Columbia and for permits issued for buildings included within a basic plan or conceptual site plans that abuts an existing or planned mass transit rail station site operated by the Washington Metropolitan Area Transit Authority (WMATA) or by the Maryland Transit Administration (MTA)) and \$20,972 (all other buildings), reflecting an increase of \$270 and \$472, respectively.

Revenue collected is intended to supplement rather than replace any existing funding and can be used only on one-time projects or payments rather than on any recurring payment for operating expenses, such as salaries and supplies.

Fiscal Impact

Direct Impact

Adoption of CR-073-2025 may increase the amount of funds available to be used to offset the costs of bond debt service (principal and interest), which provides funding for school facilities. According to the School Facilities and Public Safety and Behavioral Health Surcharge Annual Report provided by the Office of Management and Budget, in FY 2024 (the last complete fiscal year as of the date of the Report), the County collected approximately \$34.5 million in school facilities surcharge revenues. In FY 2025, school surcharge expenditures are proposed at approximately \$31.6 million³.

Indirect Impact

Adoption of CR-073-2025 should not have any indirect fiscal impact on the County.

Appropriated in the Current Fiscal Year Budget

The School Facilities Surcharge appropriation included within the FY 2026 approved capital budget to offset debt service principal and interest costs includes the 2.3% inflationary adjustment.

² [Bureau of Labor Statistics, Consumer Price Index, April 2025](#)

³ [Fiscal Year 2026 Budget Review Report - Non-Departmental](#)

Effective Date of Proposed Legislation

The proposed Resolution shall be retroactively effective July 1, 2025.

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