



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations

June 16, 2021

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

FROM: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-066-2021 Public Safety Surcharge

CR-066-2021 (*Proposed by:* The County Executive; *Introduced by:* Council Members Hawkins, Turner, Streeter, Glaros, Harrison, Davis, Franklin and Taveras)

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING PUBLIC SAFETY SURCHARGE for the purpose of adjusting the public safety surcharge for Fiscal Year 2022, beginning July 1, 2021, as required by State Law.

Fiscal Summary

Direct Impact:

Expenditures: None.

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

Indirect Impact:

None.

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Legislative Summary:

CR-066-2021, proposed by the County Executive, and sponsored by Council Members Hawkins, Turner, Streeter, Glaros, Harrison, Davis, Franklin and Taveras, was introduced on June 8, 2021 and referred to the Committee of the Whole (COW).

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 2021 public safety surcharge is \$2,638 for permits issued inside the Developed Tier and inside an area included in a certain basis or conceptual site plan, and \$7,909 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.

Discussion/Policy Analysis:

Pursuant to State law, **CR-066-2021** seeks to amend the Fiscal Year 2022 public safety 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 4.2% between April 2020 and April 2021. Applying the 4.2% increase to the current (FY 2021) public safety surcharge rates of \$2,638 (Developed Tier, as defined by the Maryland-National Capital Park and Planning Commission in the Prince George's County Approved General Plan, and inside an area included in certain basic plans or conceptual site plans) and \$7,909 (all other buildings) produces new FY 2022 public safety surcharge rates of \$2,749 (Developed Tier, as defined by the Maryland-National Capital Park and Planning Commission in the Prince George's County Approved General Plan and inside an area included in certain basic plan or conceptual site plans) and \$8,241 (all other buildings), reflecting an increase of \$111 and \$332, respectively.

Information obtained from DPIE staff (below) indicates surcharges on a total of 1824 building permits were *paid* on which a public safety or school facility surcharge, or both, was imposed, equating to a collection of \$16,046,993 in public safety surcharges for the most recent fully completed fiscal year (FY 2020) for which information is available. For comparison purposes, assuming the number of assessments and collections during fiscal year 2020 and 2021 remains flat, total public safety surcharge revenues in FY 2021 are estimated at approximately \$16,528,402.

Applying the 4.2% inflation adjustment, as proposed in CR-066-2021, will result in an estimated increase of approximately \$694,193 in public safety surcharge revenues than what would have been generated from the same number of assessments and collections using FY 2021 public safety surcharge rates, based upon our assumption.

Surcharges Assessed for Permits Issued from 7/1/2019 thru 6/30/2020			
Permits Issued Count	Public Safety Surcharge Assessed	School Surcharge Inside Beltway Assessed	School Surcharge Outside Beltway Assessed
1779	\$15,947,700.00	\$2,373,256.00	\$27,167,179.00

Surcharges Paid for Permits from 7/1/2019 thru 6/30/2020			
Permits Paid Count	Public Safety Surcharge Paid	School Surcharge Inside Beltway Paid	School Surcharge Outside Beltway Paid
1824	\$16,046,993.00	\$2,501,608.00	\$27,569,655.00

Resource Personnel:

Pamela Spears, Department of Permitting, Inspections and Enforcement

Fiscal Impact:

Direct Impact

Adoption of CR-066-2021 may increase County capital budget revenue as illustrated above upon our assumption of public safety surcharge assessments and collections remaining flat across fiscal years.

Indirect Impact

Adoption of CR-066-2021 should not have an adverse fiscal impact on the County

Appropriated in the Current Fiscal Year Budget

The public safety surcharge appropriation included within the FY 2021 approved capital budget includes the 4.2% inflationary adjustment.

Effective Date of Proposed Legislation

The proposed Resolution shall be effective on the date of adoption.

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