September 23, 2025

FISCAL AND POLICY NOTE

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

Karen T. Zavakos
Acting Deputy Council Administrator

THRU: Lavinia Baxter
Senior Legislative Budget and Policy Analyst

FROM: Roger G. Banegas
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-097-2025 Deferred Collection of Development Impact Fees

CR-097-2025 (*Proposed and sponsored by:* Council Members Ivey and Fisher)

Assigned to the Government Operations and Fiscal Policy Committee

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A RESOLUTION CONCERNING DEFERRED COLLECTION OF DEVELOPMENT IMPACT FEES for the purpose of requesting the Maryland General Assembly to amend statutory provisions governing development impact fees to authorize the deferral of development impact fee payments until the issuance of Use and Occupancy Permits.

Fiscal Summary

Direct Impact:

Expenditures: No expenditure impact.

Revenues: None Likely.

Indirect Impact:

None likely.

Legislative Summary

CR-097-2025[1], proposed and sponsored by Council Members Ivey and Fisher, was introduced on September 16, 2025, and referred to the Government Operations and Fiscal Policy (GOFP) Committee. This legislation would request the General Assembly to amend the current development impact provisions to defer payments until the issuance of Use and Occupancy permits.

Current Law/Background

Transportation Impact Fees

Prince George's County Code (the "Code") Section 10-265(a)[2] authorizes the County Council to impose and provide for the collection of development impact fees for financing up to 50% of the capital costs of additional or expanded transportation projects required to accommodate new construction or development. Section 10-265(b) states that:

(1) Any impact fees imposed under this Section shall be adopted in accordance with a general statement of public policy adopted by the County Council to impose impact fees in areas of the County in which the level of new construction or development is creating a need for additional or expanded transportation projects.

(2) The County Council shall:

  (A) Adopt a method for determining the timing and location of the areas in which an impact fee is to be imposed; and

  (B) In lieu of payment of development impact fees imposed under this Section, provide credit for:

    (i) Payments made for the construction of, or improvements to, permanent or interim public transportation projects authorized for impact fee funding as provided in this Section; and

    (ii) Payments related to subdivision approval as provided in subsection (c) of this section.

Infrastructure Impact Fees

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. Section 10-192.01(d) requires the seller of

[1] CR-097-2025
[2] Sec. 10-265(a) of the Prince George's County Code

the development to pay the school facilities surcharge at the time a building permit is issued for the dwelling unit.

Public Safety Impact Fees

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 an 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. Section 10-192.11(c) requires the seller of the development to pay the public safety and behavioral health surcharge at the time a building permit is issued for the dwelling unit.

Chapter 567 of the 2021 Laws of Maryland expanded the use of the County's existing public safety surcharge to include behavioral health programs.[3] With this expansion, revenue collected via the Surcharge may be used only for the following:

- 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.[4]

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 on or before October 31 of each year for the County Council, the Prince George's County Senate Delegation, and the Prince George's County House Delegation.

Resource Personnel

- John Sheridan, Policy Director, Office of Council Member At-Large Ivey

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Discussion/Policy Analysis

Development Impact fees are regulatory measures designed to fund facilities specifically required by new development projects in order to mitigate the impact of such development on infrastructure or public facilities. These fees are passed by the Maryland General Assembly and collected by Prince George's County. As Prince George's County elected officials look to increase the county's revenue, county council members seek to streamline the development process to encourage new

[3] Maryland General Assembly - HB-0977
[4] Ibid.

development in the county. Developers have emphasized that payment of development impact fees before the final building permit is issued creates a burden on developers and private owners. The Prince George's County Housing Opportunities For All (HOFA) workgroup reported that the county should strive to add 26,000 housing units by 2030. Only 6,889 multi-family units have been built since 2020, leaving a 74% gap with only five years remaining in the HOFA workgroup's recommendation[5].

CR-097-2025 seeks support from the Maryland General Assembly for an amendment to Maryland Annotated Code, Article 17 §10-192.01(d) and §10-192.11(c) by allowing the governing body of Prince George's County to defer development impact fee payments until final inspection, until the issuance of use and occupancy permit, or until the time of closing of the first sale of the property occurring after the issuance of the applicable building permit.

Fiscal Impact

Direct Impact

Adoption of CR-097-2025 will not have a direct fiscal impact on the County, as this legislation only requests support from State legislators.

Indirect Impact

Adoption of CR-097-2025 is unlikely to have an indirect fiscal impact on the County.

Appropriated in the Current Fiscal Year Budget

No.

Effective Date of Proposed Legislation

The proposed Resolution shall be effective on the day of its adoption.

Please call or email me if you require additional information or have questions about this fiscal impact statement.

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[5] Prince George's County Housing Opportunities for All Workgroup Annual Report