



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

June 6, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHVD*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-038-2018 DR-1 School Facilities Surcharge

Legislative Summary

CR-038-2018 seeks to adjust the County's school facilities surcharge for annual changes in the Consumer Price Index rate, for Fiscal Year 2019, beginning July 1, 2018, as required by State law.

Background

Prince George's County Code (the "Code") Section 10-192.11(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. Section 10-192.01(b)(1)(B) of the Code requires 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.

Resource Personnel

Clarence Moseley, Permits Supervisor, Department of Permitting, Inspections and Enforcement (DPIE)
Stanley A. Early, Director, Office of Management and Budget (OMB)

Assumptions and Methodology

The Consumer Price Index (CPI) for All Urban Consumers shows a percentage change increase of 2.5% between April 2017 and April 2018. Applying the increase of 2.5% to the current FY 2018 school facilities surcharge rates of \$9,317 (properties inside the beltway, or inside an area included in certain basic plans or conceptual site plans) and \$15,972 (all other properties) produces new FY 2019 school facilities surcharge rates of \$9,550 and \$16,371, reflecting an increase of \$233 and \$399, respectively.

Based on a fiscal year estimate of 1,597 residential building permits being subject to the school facilities surcharge, with approximately 76% of the residential building permits issued for properties outside of the beltway and 24% issued for properties inside the beltway or inside an area included in certain basic plans or conceptual site plans, total school facilities surcharge revenues in FY 2019 are estimated at approximately \$23,530,134. Applying the 2.5% inflation adjustment, as proposed in CR-038-2018, will result in an estimated increase of \$572,000 in school facilities surcharge revenues than what would have been generated from the existing FY 2018 school facilities surcharge rates, based on the number of building permits estimated.

Fiscal Impact

- Direct Impact

Adoption of CR-038-2018 may increase County revenues by an estimated \$572,000 in FY 2019, based on an estimated 1,597 permits subject to the surcharge.

- Indirect Impact

Adoption of CR-038-2018 should not have an adverse fiscal impact on the County.

Appropriated in the Current Fiscal Year Budget

The school facilities surcharge appropriation included within the FY 2019 approved budget includes the 2.5% inflationary adjustment.

Effective Date

July 1, 2018

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