



PART II

AN OVERVIEW OF IMPACT FEE ACTIVITIES IN MARYLAND
as of November 1988

Compiled by

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for a discussion with the

STATE OF MARYLAND
Commission on State Taxes and Tax Structure

Annapolis, Maryland

January 5, 1989

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An overview of impact fee

NOTESCARROLL COUNTY

Special assessment authorized in state enabling legislation in 1973 in Chapter 861 of the Laws of Maryland. Special assessment is levied in all cities, towns and other areas of the county. Adoption of assessment is my Resolution of the County Commissioners after a public hearing and advice from a Development Assessment Advisory Commission. Assessment is invariant with the number of school-age children generated by different kinds of residential development. Carroll County specifically exempts transient residential uses such as hotels and motels from the school assessment, as well as nursing homes or similar institutions for human care. The special assessment is explicitly authorized only for the purpose of acquiring land for future school sites. Although the expenditure of special assessment funds must be documented by the Board of County Commissioners, it has been suggested that in past years, revenues from the Special Assessment Trust Account have been used to acquire land for a sanitary landfill.

Carroll County is currently undertaking a study to see whether the special assessment for future school sites should be raised due to cutbacks in the State's school construction program.

CALVERT COUNTY

State enabling legislation to implement impact fees exists pursuant to Article 25, Section 9G of the Annotated Code of Maryland 1957 as amended. Calvert County has in place Adequate Facilities Regulations which require that facilities required to serve new growth be provided coincident with the impacts of that growth. According to Resolution No. 10-88 implementing impact fees in Calvert County, impact fees are needed to provide adequate capital facilities for schools in areas of the county where development is subject to restriction by the Adequate Facilities Regulations.

Fee Schedule

Single Family Detached	\$3,000
Single Family Attached	2,000
Low-rise Apartments	1,000
Mobile Home	1,500

Formula for the School Fee is similar to that in Charles and Anne Arundel Counties:

$$\text{Fee} = \text{SU} \times (\text{C} - \text{SCG})$$

where:

SU = Students per housing unit

C = Capital cost per student station

SCG = State capital grant per student station

There are two defined impact fee districts where adequate facilities regulations are restricting further development

The school impact fee is paid in three installments; the first one-third is paid at the time the building permit is issued; the second one-third is paid at the time of the following year's real estate tax bill. The final installment is paid at the time of the following year's tax bill.

OVERVIEW OF IMPACT FEE ACTIVITIES IN MARYLAND
AS OF NOVEMBER, 1988

PLACE	STATE ENABLING LEGISLATION	FEE/TAX	WHEN ADOPTED	COUNTY COVERAGE	FACIL. COVERED	WHO PAYS	WHEN PAY	EXEMPT.	CREDITS	FEE VARIES W. IMPACT	FEE PHASED IN	RATE ON SFO
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
CHARLES	NO	FEE	PROPOSED	FULL	SCHOOLS	ALL RESID	BLDG PRMT	NO	YES	YES	NO	MAX. \$750/LOT
ANNE ARUNDEL	YES	FEE	AUG '87	PARTIAL	SCHOOLS/ ROADS	ALL DEVPMT	BLOG PRMT	NON-RESID FOR SCHLS	YES	YES	YES	\$877/\$1,754/\$2,629
MONTGOMERY	NO	FEE	APR '86	PARTIAL	HIGHWAYS	ALL DEVPMT	BLOG PRMT	NO	YES	YES	NO	\$1,489/\$1,591
W CARROLL	YES	TAX	1976	FULL	LAND/SCHOOL	ALL RESID	BLDG PRMT	NO	NO	NO	NO	\$150/LOT
NEW WINDSOR	?	FEE	1987/88?	FULL	SCHOOLS?	ALL RESID	BLDG PRMT?	NON-RESID	NO	NO	NO	\$400/LOT
SYKESVILLE	?	FEE	1987/88?	FULL	SCHOOLS?	ALL RESID	BLDG PRMT?	NON-RESID	NO	NO	NO	\$150/LOT
WESTMINSTER	?	FEE	1987/88?	FULL	UNSPECIF.	ALL DEVPMT	BLDG PRMT?	NO	NO	NO	NO	\$750/DU./\$500 PER 1,000 SQ. FT. COMM/INO. SPAC
ST. MARYS	NO	FEE	1972	FULL	Gov't Facil.	ALL DEVPMT?	BLDG PRMT	NO	NO	NO	NO	\$200/LOT
	NO	FEE	1979	FULL	PARKLAND/ DEVPMT	ALL DEVPMT?	BLOG PRMT	NO	NO	NO	NO	\$300/LOT
	NO	FEE	OCT '88	FULL	UNSPECIF.	ALL DEVPMT?	C OF D	NO	NO	NO	NO	\$2,500/LOT
CALVERT	YES	FEE	FEB '88	PARTIAL	SCHOOLS	RESID.	1ST W. BLDG PERMIT	ELDER. HSG	YES	YES	IN THIRDS	\$3,000

The fee schedule will be reviewed and updated every two years.

CHARLES COUNTY

No separate state enabling legislation authorizing imposition of impact fees for capital costs of schools. County enabling authority is implicitly based upon the police power to promote the health, safety, and general welfare of the residents of the county by regulating land use in accord with a comprehensive plan implementing Section 5-6.13 of the Zoning Ordinance concerning adequacy of facilities. Under the Adequate Facilities Regulations, adequate public facilities such as schools must be made available in a timely and well planned manner.

The only residential use specifically exempt from the school impact fee are bona fide elderly projects which, by recorded restrictions, cannot be converted to another residential use.

Fee Formula is similar to that in Calvert and Anne Arundel Counties.

St. Mary's County

This is the only county in Maryland that currently has in effect a three-tiered impact fee system which, collectively impose a total burden of \$3,000 on a new single family unit. The first fee, implemented in 1972, of \$200 per dwelling unit provides funds for non-specific capital facilities for local government use. The \$300 per dwelling unit fee added in 1979 provides funds for acquiring parkland and capital for development. In 1988, Peat Marwick and Mitchel was engaged to study the need for additional impact fees. This study will be completed in March 1989. In anticipation of higher impact fees, there has been a burst of building permit requests in the county. As a result of the effort to beat the fees, the County Council enacted an emergency \$2,500 impact fee per new single family dwelling unit, effective October, 1988. This emergency impact fee, the purpose of which is not specifically spelled out, will be lifted in early 1989, when the Peat Marwick study results are published.

The one major difference between the two earlier fees and the \$2,500 fee is that the former are collected at the time the building permit is issued and the latter is due at the time the Certificate of Occupancy is received.

MONTGOMERY COUNTY

Levies road impact fees in two rapidly growing up-county areas adjacent to Washington, D.C.--Germantown and East Montgomery County. The county has no explicit authorizing legislation to impose impact fees. "One advantage of the impact fee mechanism in counties like Montgomery which have home rule powers is that separate enabling legislation from state government is usually unnecessary". The authority for the County's impact fee ordinance is found in the police powers of the County's charter. Section 49A-3(b) of the County Charter states that "imposition of impact fees would ensure and coordinate the provision of adequate transportation facilities with new development so that the public health, safety and welfare are enhanced, traffic congestion is lessened, accessibility is improved, and economic development is promoted".

Montgomery County has history of private participation in the financial

of roads as a result of implementation of Adequate Facilities Ordinance in 1973, as amended, that holds that a subdivision can be approved only if the facilities required to serve the subdivision are assured to be present at the time of occupancy. If the facilities, usually roads, were not programmed by the county, developers could usually work out an agreement with the county to build the roads on a cost-sharing basis.

	<u>Fee Schedule</u>	
	<u>Germantown</u>	<u>East Montgomery</u>
Single Family	\$1,489	\$1,591
Multi-family	992	1,161
Office	3.36/sq.ft.	3.59/sq.ft.
Retail	3.04/sq.ft.	3.24/sq.ft.
Industrial	1.46/sq.ft.	1.56/sq.ft.
Place of Worship	.18/sq.ft.	.19/sq.ft.
Schools	.29/sq.ft.	.31/sq.ft.

The road fees, which are up-dated every two years, will raise a total of \$43 million in East Montgomery County, and \$66 million in Germantown.

Credits for building and dedicating facilities are granted; however, the credits are never permitted to exceed the total impact fee that would be due on the entire development.

Road fee formula is similar to that used in Anne Arundel County

Anne Arundel County

Received explicit state authority to impose impact fees on a wide range of capital facilities. Has imposed road and school fees as part of major growth management plan. Non-residential development is exempt from paying school fees, and no school fees are paid by new development in four of seven school fee districts which currently have excess capacity. There are five impact fee districts for roads.

Impact fees are due when the building permit is issued. The fees have been phased in over a three year period as follows:

	<u>SEE SCHEDULE</u>					
	7/20/87		7/20/88		7/20/89	
	SCHOOLS	ROADS	SCHOOL	ROADS	SCHOOL	ROADS
Single Family	\$699	\$178	\$1,398	\$356	\$2,096	\$533
Two Family	620	142	1,240	284	1,861	425
3-4 Family	413	139	826	278	1,240	416
5+ Family	317	127	634	254	950	381
Mobile Home	568	127	1,136	254	1,704	380

Road Fee Formula:

$$\text{Fee} = (\text{ATL} \times \text{TR} \times \text{NT} \times \text{Cost}) - \text{MFC}$$

LC x 2

where:

ATL = Average Trip Length
TR = Trip Generation Rate (daily)
NT = Percent New Trips

MFC = Motor Fuel Credit
LC = Lane Capacity at LOS D
Cost = cost/lane mile of construction and right-of-way