

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 977

(Prince George's County Delegation)

Environment and Transportation

Education, Health, and Environmental Affairs

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Prince George's County - Public Safety and Behavioral Health Surcharges -  
Behavioral Health Programs  
PG 414-21

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This bill replaces the public safety surcharge with the public safety and behavioral health surcharge in Prince George's County. The bill prohibits the surcharge from being imposed on residential construction if a preliminary plan for the residential development was approved on or before July 1, 2005. The bill also expands the authorized uses of the revenues collected from the surcharge to include (1) the operation of behavioral health programs offered by the county or (2) the construction or rehabilitation of behavioral health program facilities in the county. **The bill takes effect July 1, 2021.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Prince George's County surcharge revenues materially decrease beginning in FY 2022, as discussed below. Prince George's County public safety capital expenditures may correspondingly decrease in FY 2022 to the extent surcharge revenues used to fund these projects are reduced by the exemption under the bill and/or diverted to behavioral health program expenditures. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Small businesses and developers who are exempt from the surcharge may be meaningfully impacted by the bill.

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## Analysis

**Current Law:** Prince George's County may impose, by resolution, a public safety surcharge on new residential construction for which a building permit is issued by the county. The surcharge must be paid by the seller at the time a building permit is issued for the dwelling unit and may not be construed to be a settlement cost. The Prince George's County Executive must prepare an annual report on the surcharge on or before March 1 of each year for the Prince George's County Council, the Prince George's County Senate Delegation, and the Prince George's County House Delegation.

### *Surcharge Amount*

Currently, the public safety surcharge imposed on a single-family detached dwelling, town house, or other multi-unit dwelling is (1) \$7,909; or (2) \$2,638 for construction in the developed tier as defined by the Maryland-National Capital Park and Planning Commission or in an area included in a basic plan or conceptual site plan that abuts existing or planned mass transit rail station operated by the Washington Metropolitan Area Transit Authority. The surcharge amount is adjusted each year for inflation based on the Consumer Price Index for All Urban Consumers. The county council may waive the surcharge on residential construction that is eligible to receive the reduced surcharge amount. Single-family detached dwellings built or subcontracted by an individual owner in a minor subdivision and intended to be used as the owner's personal residence are exempt from the surcharge.

### *Authorized Uses of the Surcharge*

Revenue collected under the surcharge must be distributed to police, fire, and emergency medical services in the county. At least 25% of the revenue collected from a surcharge imposed on construction that is located in a municipal corporation that maintains a police department must be distributed to that municipal corporation's police department. The revenue collected from a surcharge on construction located in the City of Laurel must be distributed (1) 50% to Prince George's County fire and rescue services and (2) 50% to the Laurel police department for the construction or rehabilitation of public safety facilities or the purchase of equipment or communications devices used in connection with law enforcement. The revenue collected from the surcharge may be used only for (1) the construction or rehabilitation of public safety facilities or (2) the purchase of equipment or communications devices used in connection with law enforcement, firefighting or certain emergency services activities.

**Local Revenues:** Prince George's County surcharge revenues decrease beginning in fiscal 2022, to the extent that units are exempted from the surcharge under the bill.

Prince George's County indicates that 871 developments in the county received approval prior to July 1, 2005, and new construction in those developments would be exempt from the surcharge under the bill. For example, for every 1,000 units that are exempt from the higher surcharge, the county would lose \$7.9 million in revenue. In fiscal 2020, the county received \$16.1 million in public safety surcharge revenues.

**Local Expenditures:** Prince George's County public safety capital expenditures may decrease in fiscal 2022 to the extent surcharge revenues used to fund these expenditures are reduced by the exemption under the bill.

The bill also expands the authorized uses for revenues received from the surcharge to include behavioral health program expenditures and the construction or rehabilitation of behavioral health program facilities. Therefore, Prince George's County behavioral health program expenditures may increase and public safety expenditures may correspondingly decrease to the extent surcharge revenues are diverted to behavioral health programs under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Prince George's County; Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - March 15, 2021  
rh/tso Third Reader - March 22, 2021

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