

HOUSE BILL 1230

L5

5lr0883

By: **Montgomery County Delegation and Prince George's County Delegation**

Introduced and read first time: February 7, 2025

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 6, 2025

CHAPTER _____

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – System Development Charge –**
3 **Exemptions**

4 **MC/PG 107–25**

5 FOR the purpose of requiring, rather than authorizing, the Montgomery County Council
6 and the Prince George's County Council to grant exemptions from the system
7 development charge imposed by the Washington Suburban Sanitary Commission for
8 certain properties and projects located in Montgomery County; altering the method
9 by which the county councils establish eligibility for the exemptions; prohibiting the
10 county councils from requiring that an applicant for an exemption for a property
11 located in Montgomery County own the property for which the exemption is sought;
12 requiring Montgomery County to approve applications for the exemptions on a
13 first-come, first-served basis until a certain maximum annual limit is reached; and
14 generally relating to the Washington Suburban Sanitary Commission and
15 exemptions from the system development charge.

16 BY repealing and reenacting, with amendments,
17 Article – Public Utilities
18 Section 25–403
19 Annotated Code of Maryland
20 (2020 Replacement Volume and 2024 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
22 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Public Utilities

25–403.

(a) (1) Each year the Montgomery County Council and the Prince George's County Council shall meet to determine the amount of the system development charge.

(2) The amount of the system development charge for a particular property:

(i) shall be based on the number of plumbing fixtures and the assigned values for those fixtures as set forth in the Commission's plumbing and gas fitting regulations;

(ii) except as provided in item (iii) of this paragraph and subsection [(c)] ~~(D)~~ (E) of this section, may not exceed \$200 per fixture unit; and

(iii) for residential properties with five or fewer toilets, shall be based on the number of toilets per dwelling unit and:

1. for each apartment unit, may not exceed \$2,000;

2. for dwellings with one or two toilets, may not exceed \$3,000;

3. for dwellings with three or four toilets, may not exceed \$5,000;

4. for dwellings with five toilets, may not exceed \$7,000; and

5. for dwellings with more than five toilets, shall be calculated on a fixture unit basis.

(3) When determining the system development charge, the county councils shall consider the actual cost of construction of Commission facilities.

(b) When determining the system development charge, under [criteria] DEFINITIONS established jointly and agreed on by the county councils, the county councils:

(1) shall grant a full or partial exemption from the charge for public sponsored or affordable housing as jointly defined and agreed on by the county councils;

(2) FOR PROPERTIES LOCATED IN MONTGOMERY COUNTY ONLY, SHALL GRANT A FULL OR PARTIAL EXEMPTION FROM THE CHARGE FOR:

(I) 1. REVITALIZATION PROJECTS;

1 2. PROPERTY USED BY A COMMUNITY-BASED
2 ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE
3 INTERNAL REVENUE CODE AND HAS THE PRIMARY MISSION AND PURPOSE OF
4 PROVIDING RECREATIONAL AND EDUCATIONAL PROGRAMS AND SERVICES TO
5 YOUTH, IF:

6 A. THE PROPERTY IS USED PRIMARILY FOR
7 RECREATIONAL AND EDUCATIONAL PROGRAMS AND SERVICES TO YOUTH; AND

8 B. THE EXEMPTION AMOUNT IS LIMITED TO \$80,000;

9 3. PROPERTY USED PRIMARILY FOR CHILD CARE OR
10 AFTER-SCHOOL CARE; OR

11 4. PROPERTY USED PRIMARILY FOR PROGRAMS AND
12 SERVICES FOR DEVELOPMENTALLY DISABLED INDIVIDUALS; AND

13 (II) UNDER DEFINITIONS SET FORTH BY THE COUNTY
14 COUNCILS:

15 1. RESIDENTIAL PROPERTY LOCATED IN A PLANNED
16 RETIREMENT COMMUNITY AS DEFINED IN THE ZONING ORDINANCE OF
17 MONTGOMERY COUNTY;

18 2. ELDERLY HOUSING OTHER THAN THAT INCLUDED IN
19 ITEM 1 OF THIS ITEM; AND

20 3. PROPERTIES USED FOR MANUFACTURING OR
21 BIOTECHNOLOGY RESEARCH AND DEVELOPMENT;

22 (3) FOR PROPERTIES LOCATED IN MONTGOMERY COUNTY ONLY, MAY
23 NOT REQUIRE THAT AN APPLICANT FOR AN EXEMPTION OWN THE PROPERTY FOR
24 WHICH AN EXEMPTION IS SOUGHT; AND

25 [(2)] (4) FOR PROPERTIES LOCATED IN PRINCE GEORGE'S COUNTY
26 ONLY, may grant a full or partial exemption from the charge for:

27 (i) 1. revitalization projects;

28 [(ii)] 2. property owned by a community-based organization that
29 is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and has the primary
30 mission and purpose of providing recreational and educational programs and services to
31 youth, if:

[1.] A. the property is used primarily for recreational and educational programs and services to youth; and

[2.] B. the exemption amount is limited to \$80,000;

[(iii)] 3. property used primarily for child care or after-school care; or

[(iv)] 4. property used primarily for programs and services for developmentally disabled individuals; and

[(3)] (II) [may grant a full or partial exemption from the system development charge,] under [conditions] DEFINITIONS set forth by the county councils[, for]:

[(i)] 1. residential property located in a mixed retirement development as defined in the zoning ordinance of Prince George's County;

[(ii)] residential property located in a planned retirement community as defined in the zoning ordinance of Montgomery County;

[(iii)] 2. elderly housing other than that included in item [(i) or (ii)] 1 of this item; or

[(iv)] 3. properties used for manufacturing or biotechnology research and development.

(C) (1) MONTGOMERY COUNTY SHALL APPROVE APPLICATIONS FOR THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS UNTIL THE MAXIMUM ANNUAL LIMIT, INCLUDING ANY UNUSED AMOUNTS CARRIED OVER FROM A PRIOR FISCAL YEAR, IS REACHED.

(2) ON OR BEFORE OCTOBER 1 EACH YEAR, MONTGOMERY COUNTY SHALL REPORT TO THE MEMBERS OF THE MONTGOMERY COUNTY DELEGATION TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE IN MONTGOMERY COUNTY REQUIRED UNDER:

(I) SUBSECTION (B)(1) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

1. THE PROCESS USED TO IDENTIFY PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS;

2. THE NUMBER OF PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS GRANTED EXEMPTIONS; AND

3. THE NUMBER OF PUBLICLY SPONSORED OR AFFORDABLE HOUSING UNITS INCLUDED IN EACH PROJECT; AND

(II) ~~SUBSECTION (B)~~ SUBSECTION (B)(2) OF THIS SECTION FOR THE ~~CURRENT AND~~ IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

(H) 1. THE APPLICATION PROCESS FOR EACH EXEMPTION; AND

(H) 2. FOR EACH EXEMPTION:

1. A. THE TOTAL NUMBER OF EXEMPTION APPLICATIONS RECEIVED; AND

2. B. THE TOTAL NUMBER AND AMOUNT OF EXEMPTIONS GRANTED.

(D) ON OR BEFORE OCTOBER 1 EACH YEAR, PRINCE GEORGE'S COUNTY SHALL REPORT TO THE MEMBERS OF THE PRINCE GEORGE'S COUNTY DELEGATION TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE EXEMPTIONS FROM THE SYSTEM DEVELOPMENT CHARGE IN PRINCE GEORGE'S COUNTY DESCRIBED UNDER:

(1) SUBSECTION (B)(1) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

(I) THE PROCESS USED TO IDENTIFY PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS;

(II) THE NUMBER OF PUBLICLY SPONSORED AND AFFORDABLE HOUSING PROJECTS GRANTED EXEMPTIONS; AND

(III) THE NUMBER OF PUBLICLY SPONSORED OR AFFORDABLE HOUSING UNITS INCLUDED IN EACH PROJECT; AND

(2) SUBSECTION (B)(4) OF THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING:

(I) THE APPLICATION PROCESS FOR EACH EXEMPTION; AND

(II) FOR EACH EXEMPTION:

1. THE TOTAL NUMBER OF EXEMPTION APPLICATIONS RECEIVED; AND
2. THE TOTAL NUMBER AND AMOUNT OF EXEMPTIONS GRANTED.

[(c)] ~~(D)~~ (E) On July 1, 1999, and July 1 of each succeeding year, the maximum charge, as established in subsection (a)(2) of this section, may be changed by an amount equal to the prior calendar year's change in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for urban wage earners and clerical workers for all items for the Washington, D.C. metropolitan area, or the successor index.

[(d)] ~~(E)~~ (F) If the county councils do not agree on the amount of the system development charge, the system development charge imposed during the previous year shall continue in effect for the following fiscal year.

[(e)] ~~(F)~~ (G) If the system development charge established by the county councils is less than the amount necessary to recover the full cost of constructing growth related facilities, the Commission shall identify the part of the cost of that growth that will be paid by current ratepayers as:

(1) a percentage of any rate increase; and

(2) the annual monetary amount on a typical residential customer's annual water and sewer bill.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.