


MEMORANDUM

December 1, 2017

TO: County Council

FROM: Jeffry L. Zyontz,  Senior Legislative Analyst

SUBJECT: **Public Hearing:** Expedited Bill 36-17, Taxation – Development Impact Tax – Exemptions - Amendments

Expedited Bill 36-17, Taxation – Development Impact Tax – Exemptions - Amendments, sponsored by Lead Sponsor Councilmember Floreen, was introduced on October 31. A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for January 18, 2018 at 9:30 a.m.

The primary goal of Bill 36-17 is reducing the tax burden on projects that provide at least 25% affordable housing. The Bill would allow a development that increases the number of dwelling units previously approved to take advantage of the development tax exemption for projects with 25% affordable housing. As proposed, a development that provides 25% affordable units in newly proposed development would qualify for the exemption to the extent of the new units.

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Expedited Bill No. 36-17
Concerning: Taxation – Development
Impact Tax – Exemptions –
Amendments
Revised: October 31, 2017 Draft No. 5
Introduced: October 31, 2017
Expires: May 1, 2019
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Floreen

AN EXPEDITED ACT to:

- (1) amend the applicability provision of certain development impact taxes; and
- (2) generally amend the law governing development impact taxes.

By amending

2015 Laws of Montgomery County, Chapter 37

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 2 of Chapter 37 of the 2015 Laws of Montgomery County**
2 **is amended as follows:**

3 **Sec. 2. Applicability.**

4 (a) Except as provided in paragraph (b), County Code Section 52-41(g)(5),
5 formerly 52-49(g)(5), and Section 52-54(c)(5), formerly 52-89(c)(5),
6 both inserted by Section 1 of this Act, do not apply to any development
7 which received preliminary subdivision plan approval or site plan
8 approval (or a similar approval in a municipality) before this Act took
9 effect.

10 (b) If an approved development is amended to include additional dwelling
11 units and at least 25% of the additional dwelling units are exempt under
12 paragraph (1), (2), (3), or (4) of Section 52-54(c), or any combination of
13 them, then Section 52-41(g)(5) and Section 52-54(c)(5), apply to the
14 additional units.

15 **Sec. 2. Expedited Effective Date.**

16 The Council declares that this legislation is necessary for the immediate
17 protection of the public interest. This Act takes effect on the date on which it becomes
18 law.

19 *Approved:*

20 _____
Roger Berliner, President, County Council

_____ Date

21 *Approved:*

22 _____
Isiah Leggett, County Executive

_____ Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 36-17

Taxation – Development Impact Tax – Exemptions Applicability

DESCRIPTION: Expedited Bill 36-17 would reduce the tax burden on previously approved projects that provide additional dwelling units with at least 25% affordable housing in the addition. The reduced tax burden would only apply to the additional units.

PROBLEM: The current applicability provision for an impact tax exemption in current law does not allow a development that increases the number of dwelling units previously approved to take advantage of the development tax exemption for projects with 25% affordable housing.

GOALS AND OBJECTIVES: The primary goal of Bill 36-17 is to encourage the provision of affordable housing units beyond the percentage required by law. The objective is to reduce impact taxes on projects providing a significant percentage of affordable dwelling units.

COORDINATION: County Attorney's Office

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Jeff Zyontz, Senior Legislative Analyst, 240-777-7896

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: None.