



A Development Impact Tax, set by the Montgomery County Council, is assessed on new residential development in the County to fund, in part, the improvements necessary to increase public school facilities. The Department of Permitting Services (DPS) is charged with collection of Development Impact Taxes which must be paid before a building permit or use & occupancy permit is issued.

## School Impact Taxes

Purpose is to fund capital improvements needed to support new development.

Tax on all new development regardless of adequacy.

Exemptions for Age-restricted housing, MPDUs, Enterprise Zones.

Can be used anywhere in the County for capital improves.

School Impact Tax represents 90% of the cost of a student seat generated by a new unit.

Tax is levied by dwelling unit type.

Dwelling Unit Type	Impact Tax per Unit
Single-family detached	\$ 26,827
Single-family attached	\$ 20,198
Multi-family low-mid rise	\$ 12,765
Multi-family high rise	\$ 5,412

## Recordation Taxes

Levied when a land transfer is recorded in the Maryland Land Records – such as the purchase of an existing home.

The recordation tax is \$6.90 per thousand dollars of the selling price of a property rounded up to the next increment of \$500 – up to \$500,000.

Over \$500,000 the tax is computed at 1% of the selling price.

## School Facility Payments

Levied on development located in an area with inadequate facilities, in addition to the School Impact Tax.

School Facility Payment is equal to 60 % of the cost of a student seat for school cluster areas over 105% utilization.

Payment varies by dwelling unit type and school level.

Must be used within the cluster and at the school level for which it is collected.

Montgomery County School Facility Payment Rates			
	Elementary	Middle	High
Single-family detached	\$ 6,940	\$ 3,251	\$ 4,631
Single-family attached	\$ 4,160	\$ 1,743	\$ 2,754
Multi-family low to mid rise	\$ 2,838	\$ 1,169	\$ 1,877
Multi-family high rise	\$ 1,166	\$ 531	\$ 804

## Cost per student by school type

Cost per student seat by school type (2007)		
Elementary	Middle	High
\$ 32,524	\$ 42,351	\$ 47,501



# School Funding

## School Impact Tax Collections

Fiscal Year ending in:	School Impact Tax Collections for School CIP Projects – Includes Cities of Rockville and Gaithersburg
2004	\$ 434,713
2005	\$ 7,695,345
2006	\$ 6,960,032
2007	\$ 9,562,889
2008	\$ 6,766,534
2009	\$ 7,925,495
2010	\$ 11,473,071
2011	\$ 14,480,846
2012	\$ 16,462,394
2013	\$ 27,901,753
2014	\$ 45,837,273
2015	\$ 32,676,773

## Recordation Tax Collections

Fiscal Year ending in:	Recordation Tax Collections for School CIP Projects
2013	\$ 27,640,951
2014	\$ 24,948,565
2015	\$ 26,147,938

## MCPS Capital Improvements Program Budget

Year	Total
FY17	\$ 1.73 billion (MCPS CIP Request)
FY15	\$ 1.53 billion

## School Facility Payment Collections

Fiscal Year	BCC	Clarksburg	Gaithersburg	Northwest	Northwood	Rockville	Wootton	Walter Johnson	Whitman	Total
2011									\$6,244	\$6,244
2012	\$ 163,918									\$163,918
2013							\$ 15,250			\$15,250
2014	\$ 24,794		\$ 58,171	\$ 952,402		\$ 12,354	\$ 123,050	\$ 237,600		\$ 2,008,371
2015	\$ 22,228	\$ 3,060	\$ 724,354	\$ 375,920	\$ 64,544			\$ 577,684		\$ 1,967,790





# School Funding Public Comments

- Update fee calculations – impact tax per unit is based on outdated data.
- Check/compare true revitalization/expansion (rev/ex) cost vs. Planning Department figures - @ ES level don't seem to match
  - Recalculate construction cost.
  - Repeal/property tax cap to generate more revenue
  - Re-examine cost/seat as included in facility payment. MCPS #s seem much higher than 2007 cost/seat figures, even with construction index.
- Proportional payments by developers for MCPS
  - Land purchases – 100% of cost when land is known.
  - Prop payment – M-NCPPC/MCPS determine method for estimating land cost if land not known.
  - Use a sub-county generation rate (e.g., a cluster generation rate if enough data exists).
  - For yield rate, leading to cost of a seat, check the occupancy rate of multi-family construction and the occupancy rate during phasing to full build out of housing in new developments, calculating each generation rate.
- Raise facility payments to address financial implications of overcrowding calculate these @ 75% or more of the cost of a seat.
- Incorporate multifamily occupancy rates in calculations generation rates. Buildings will generate more students once fully occupied.
- Do not exempt Enterprise Zones from impact tax and school facilities payments – the zones were established to promote commercial development, not residential.
  - How can you be in an Enterprise Zone when you are building luxury apartments and condos?
- Ensure that formerly designated Enterprise Zones do not receive exemption in perpetuity.
  - All areas of the DCC are exempt from impact tax and school facility payments. Downtown Silver Spring has not been an enterprise zone for 10 years. EZ was meant for attracting businesses. Change the policy so that new residential is subject to impact tax & facility payments. Every level of the DCC (elementary, middle & HS) is scheduled to be over 105% of capacity. They should pay something rather than nothing.
  - FORMER should FORMER – Time to pay up.
- Much has been said about increased enrollment coming from change of owners. Keep in mind the county collects Transfer & Recordation tax that is significant.
- Consider definition change to cost per seat to include land costs and operations cost of the school.
- For Impact Tax & recordation. Consider some minimum portion to be kept within cluster.
- Cities of Rockville & Gaithersburg don't receive facility payments. Mechanism for them to collect & pay thru to county/MCPS.