

MEMORANDUM

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney   
Jeffrey L. Zyontz, Legislative Attorney 

SUBJECT: Introduction: Bill 8-15, Taxation – Development Impact Tax - Exemptions

Bill 8-15, Taxation – Development Impact Tax - Exemptions, sponsored by Council Vice-President Floreen and Councilmembers Riemer, Rice, and Katz, is scheduled to be introduced on February 3. A public hearing is tentatively scheduled for March 3, 2015 at 1:30 p.m.

Bill 8-15 would exempt the market-rate rental dwelling units in any development which consists of at least 25% affordable housing units from the transportation and school development impact taxes. This Bill is very similar to Bill 39-11 as that Bill was recommended to be amended by the Government Operations and Fiscal Policy Committee. On May 7, 2013, the Council considered Bill 39-11 and laid the bill on the table. Bill 39-11 expired without further action on December 1, 2014.

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Bill No. 8-15  
Concerning: Taxation - Development  
Impact Tax - Exemptions  
Revised: 1-20-15 Draft No. 1  
Introduced: February 3, 2015  
Expires: August 3, 2016  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Council Vice-President Floreen, and Councilmembers Riemer, Rice, Katz and Navarro

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**AN ACT** to:

- (1) exempt certain housing units from certain development impact taxes; and
- (2) generally amend the law governing development impact taxes.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Sections 52-49 and 52-89

<b>Boldface</b>	<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:*

**Section 1. Sections 52-49 and 52-89 are amended as follows:**

**52-49. Imposition and applicability of development impact taxes.**

\* \* \*

(g) A development impact tax must not be imposed on:

- (1) any Moderately Priced Dwelling Unit built under Chapter 25A or any similar program enacted by either Gaithersburg or Rockville;
- (2) any other dwelling unit built under a government regulation or binding agreement that limits for at least 15 years the price or rent charged for the unit in order to make the unit affordable to households earning less than 60% of the area median income, adjusted for family size;
- (3) any Personal Living Quarters unit built under Sec. 59-A-6.15, which meets the price or rent eligibility standards for a moderately priced dwelling unit under Chapter 25A;
- (4) any dwelling unit in an Opportunity Housing Project built under Sections 56-28 through 56-32, which meets the price or rent eligibility standards for a moderately priced dwelling unit under Chapter 25A;
- (5) any non-exempt rental dwelling unit in a development in which at least 25% of the dwelling units are exempt under paragraph (1), (2), (3), or (4), or any combination of them, if:
  - (A) the development is not located on publicly-owned land or land that was publicly-owned when the development was proposed; and
  - (B) the development has not received other benefits under Chapter 59 because the development includes more than the minimum required affordable housing; and



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proposed; and

(B) the development has not received other benefits under Chapter 59 because the development includes more than the minimum required affordable housing; and

[(5)] (6) any development located in an enterprise zone designated by the State or in an area previously designated as an enterprise zone.

\* \* \*

Section 2. Applicability. County Code Section 52-49(g)(5) and Section 52-89(c)(5), both inserted by Section 1 of this Act, do not apply to any development which received preliminary subdivision plan approval or site plan approval (or a similar approval in a municipality) before this Act took effect.

*Approved:*

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George Leventhal, President, County Council

Date.

*Approved:*

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Isiah Leggett, County Executive

Date

*This is a correct copy of Council action.*

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Linda M. Lauer, Clerk of the Council

Date

## LEGISLATIVE REQUEST REPORT

Bill 8-15

*Taxation -- Development Impact Tax - Exemptions*

**DESCRIPTION:** Exempts the market-rate rental dwelling units in any development which consists of at least 25% affordable housing units from the transportation and school development impact taxes.

**PROBLEM:** Need to encourage provision of affordable housing.

**GOALS AND OBJECTIVES:** To create further incentives to increase the share of low- and moderate-income housing in new developments

**COORDINATION:** Department of Permitting Services, Department of Housing and Community Affairs, Planning Board

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Robert H. Drummer, Senior Legislative Attorney, 240-777-7895

**APPLICATION WITHIN MUNICIPALITIES:** Impact taxes apply County-wide.

**PENALTIES:** Not applicable.