

Amendment 85 to Council Bill No. 28 -2023

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Legislative Day 11

Date: 10/02/2023

Amendment No. 85

(This Amendment amends HoCo by Design Chapter 8: Public School Facilities to add that the County should maximize school construction revenue from the State by offering the local match each year.)

- 1 In the *HoCo By Design* General Plan, attached to this Act as Exhibit A, amend the following
- 2 pages as indicated in this Amendment:
- 3 • Chapter 8: Public School Facilities: 21.
- 4 Correct all page numbers, numbering, and formatting within this Act to accommodate this
- 5 amendment.
- 6

Other Revenue Sources

Although General Obligation bonds make up most of the debt for HCPSS, the School Surcharge has been used to supplement these bonds. The School Surcharge is collected at the time of building permit application for all residential construction. The School Surcharge rate was significantly increased in November 2019 (effective January 6, 2020), raising the rate from \$1.32 per square foot of new residential construction to \$7.50 per square foot, with the increase phased in over three years. This increase is expected to bring in needed additional revenues for school construction. As indicated in the fiscal analysis conducted for HoCo By Design, it is estimated that School Surcharge revenues will be \$30 million on an annual average basis through 2040. The School Surcharge is paid by anyone who builds a new home (or addition), whether an individual homeowner or developer. Additionally, 25% of the transfer tax, which was increased from 1.0% to 1.25% under Council Resolution 84-2020, effective May 27, 2020, is also dedicated to school land acquisition and construction costs. This currently amounts to about \$2.5 million per year, which has been used to pay for existing and new school surcharge-supported bonds, as well as cash payments. The fiscal analysis conducted for HoCo By Design indicates that the proposed growth could help sustain transfer tax revenues for school construction.

The County also receives state funds for new school construction. The approved FY23 Capital Budget indicates that the County will receive state funding for approximately 40% of the total cost of construction for two new schools, the new Guilford Park High School and the Talbott Springs Elementary School replacement, totaling more than \$69 million. To be eligible for state funding, capacity needs due to enrollment growth must generally be demonstrated for each project at the systemwide level, inclusive of seats at adjacent schools. The County also receives state revenues for school operations. In FY23 the County received more than \$320 million from the State, about 31% of the total HCPSS operating budget. [The County should maximize available school construction revenues from the State by offering the local match each year.](#)

Further funding solutions will be necessary in the years ahead, including working with our state and federal partners.



PS-2 Policy Statement

The County and Howard County Public School System should partner to leverage additional public and private resources to meet school facility needs and timing.

Implementing Actions

1. Examine the costs and benefits of public-private partnership models to address near-term school facility acquisition, construction, and renovation needs, including long-term financial commitments and considerations.
2. Evaluate a trust fund for school site acquisition or partnerships with philanthropic organizations to purchase property and hold it for a short term until school facilities can be built.

