

## Council Bill 3-2026 Fiscal Analysis

**Introduced:** January 5, 2026

**Fiscal Manager:** Yusef Ibrahim

**Legislative Intent:** Council Bill 3-2026 amends the Howard County Zoning Regulations to implement State law by authorizing Accessory Dwelling Units (ADUs) in additional zoning districts and updating related zoning provisions to ensure local compliance with [House Bill 1466](#)<sup>1</sup>.

### ANALYSIS

#### **Fiscal Impact:**

Council Bill 3-2026 (ZRA-218) may result in increased permit related activity. By allowing accessory dwelling units by right in additional zoning districts and permitting detached accessory dwelling units, the Administration anticipates an increase in zoning permits, building permits, inspections and rental license agreements. Any associated permit fees, excise taxes, or school facilities surcharges would be assessed in accordance with existing County fee schedules. See chart below for revenues potentially impacted by this Bill:

Impact Area	FY26 Budgeted Amount	Current Charge	Description
<a href="#">School Surcharge</a>	\$15,500,000	\$1.32ft <sup>2</sup> for first 2K ft <sup>2</sup> and \$8.35 ft <sup>2</sup> thereafter	Charge on new residential construction and additions dedicated to school capital funding.
<a href="#">Excise Tax</a>	\$ 4,500,000	\$1.92 ft <sup>2</sup>	One-time charge on new residential construction and additions to support capital infrastructure.
<a href="#">License &amp; Permits</a>	\$ 7,763,000	\$.25ft <sup>2</sup>	Fees charged for permitting, administered within existing operations.

The Administration did not conduct fiscal modeling regarding additional taxes or fees because no assumptions were made about the number of property owners who may construct an accessory dwelling unit. In addition, any change in assessed property value would be determined by the State Department of Assessments and Taxation. Therefore, the extent of any revenue impact cannot be determined at this time.

The Administration has further indicated that there are no anticipated or potential new costs associated with administering the zoning changes. Also, the Administration has stated that no updates to permitting systems or application forms are required. Lastly, the Department of Planning and Zoning believes that their existing staffing levels are sufficient enough to absorb the anticipated increase in permitting, inspection and licensing workload.

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<sup>1</sup> See HB 1466 attachment

**Budget Implications:**

FY 2026 Operating Budget Line<sup>2</sup>: Total DPZ General Fund Budget (\$8,785,752)

There are no quantitative budget implications associated with this legislation at this time. Any administrative responsibilities and permitting activity resulting from the Bill will be absorbed within existing departmental resources and the Administration cannot determine the demand that may affect budgetary revenues.

**Other Notes:**

**There is an outstanding request to the Administration for information on the amount of revenue the County has collected from accessory apartments and two-family dwellings over the past five fiscal years.**

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<sup>2</sup> Page 159 in HC FY26 Approved Operating Budget