

Utilization Premium Payment

If we adopt the Montgomery County model in Howard County

Montgomery County School Impact Taxes

NEW AND REVISED TRANSPORTATION IMPACT AND SCHOOL IMPACT TAXES **EFFECTIVE JULY 1, 2023 – JUNE 30, 2025**

Dwelling Type	School Impact Tax Per Dwelling Unit	
	Infill Impact Areas	Turnover Impact Areas
Single-family Detached	\$30,343	\$30,719
Single-family Attached	\$26,028	\$35,018
Farm-Tenant House	\$30,343	\$30,719
Multifamily Low Rise	\$9,275	\$17,827
Multifamily High Rise	\$4,911	\$11,601
Senior Residential	\$0	\$0

Overview

School impact taxes, along with transportation impact taxes, are one of the Development Impact Taxes established by Chapter 52 of the County Code. They are assessed on new residential buildings in the county to help fund school construction projects necessary to increase public school capacity.

Development impact tax rates are updated every two years, taking effect on July 1 of each odd-numbered calendar year. School impact tax rates are recalculated by the Planning Department on behalf of the Department of Finance based on the latest school enrollment data, housing inventory data, and school construction costs. School impact taxes are calculated for four housing types in two context-based geographies called school impact areas, as described in the Council-adopted [Growth and Infrastructure Policy](#) (GIP). Montgomery Planning has no discretion in how the tax rates are calculated, but typically offers recommendations to the County Council (through the Planning Board) on the calculation as part of the quadrennial update to the GIP.

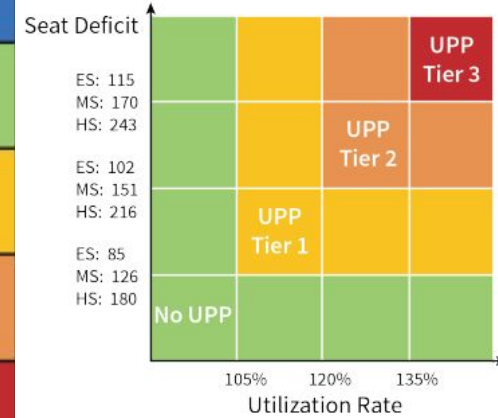
In its simplest form, the calculation is as follows:

$$\text{Average \# of Students per Unit} \times \text{School Construction Cost per Student} = \text{Impact Tax per Unit}$$

- Infill Impact Areas – High housing growth predominantly in the form of multifamily units that generate few students on a per unit basis.
- Turnover Impact Areas – Low housing growth, with enrollment growth largely due to turnover of existing single-family units.

Montgomery County Utilization Premium Payment

Utilization Rate Standard		Seat Deficit Standard	School Adequacy Status
<105%	or	<85 for ES <126 for MS <180 for HS	No UPP Required
≥ 105%	and	≥ 85 for ES ≥ 126 for MS ≥ 180 for HS	Tier 1 UPP Required
≥ 120%	and	≥ 102 for ES ≥ 151 for MS ≥ 216 for HS	Tier 2 UPP Required
≥ 135%	and	≥ 115 for ES ≥ 170 for MS ≥ 243 for HS	Tier 3 UPP Required



UTILIZATION PREMIUM PAYMENT - FACTOR BY SCHOOL LEVEL AND TIER

School Level	Payment Factor			
	No UPP	Tier 1	Tier 2	Tier 3
Elementary School	—	16⅔%	33⅓%	50%
Middle School	—	10%	20%	30%
High School	—	13⅓%	26⅔%	40%
Total	—	40%	80%	120%

Source:
<https://montgomeryplanning.org/planning/countdown/growth-and-infrastructure-policy/schools/annual-school-test/>

Montgomery County Schools in UPP Tiers

Updated FY 2025 School Test, 2024-2028 Growth and Infrastructure Policy

Change to Seat Deficit Thresholds Applied, Reflects the Adopted FY 2025 Capital Budget and FY 2025-2030 Capital Improvements

School Test Summary

Effective January 1, 2025

UPP Tier	High Schools	Middle Schools	Elementary Schools
TIER 1 UPP Utilization: ≥105% Seat Deficit: ≥ 74 for ES ≥ 120 for MS ≥ 160 for HS Payment Level: 40% total	13¼% of Impact Tax James Hubert Blake HS Paint Branch HS 2	10% of Impact Tax Argyle MS 1	16¼% of Impact Tax New Hampshire Est./Oak View ES Sargent Shriver ES 2
TIER 2 UPP Utilization: ≥ 120% Seat Deficit: ≥ 92 for ES ≥ 150 for MS ≥ 200 for HS Payment Level: 80% total	26¼% of Impact Tax (none) 0	20% of Impact Tax (none) 0	33¼% of Impact Tax Arcola ES Burning Tree ES Cashell ES Flower Valley ES Lake Seneca ES Thurgood Marshall ES 6
TIER 3 UPP Utilization: ≥135% Seat Deficit: ≥ 110 for ES ≥ 180 for MS ≥ 240 for HS Payment Level: 120% total	40% of Impact Tax (none) 0	30% of Impact Tax (none) 0	50% of Impact Tax Mill Creek Towne ES 1

MCPS consists of 211 schools: 137 elementary schools, 40 middle schools, & 26 high schools.

Source:
 Montgomery County FY25 Annual School Test and Utilization Report,
https://montgomeryplanningboard.org/wp-content/uploads/2024/06/FY25-Annual-School-Test-School-Utilization-Report_6-20-24_Final.pdf

Howard County School Surcharge Fee

Sec. 20.143. - Surcharge imposed.



- (a) Chapter 744 of the Acts of the General Assembly of 2019, set forth in [section 20.142](#) of the Howard County Code, requires that the County Council impose a school facilities surcharge on residential new construction for which a building permit is issued on or after July 1, 2004, with the revenue from the surcharge to be used to pay for additional or expanded public school facilities such as renovations to existing school buildings or other systemic changes, debt service on bonds issued for additional or expanded public school facilities, or new school construction.
- (b) (1) In accordance with Chapter 744 of the Acts of the General Assembly of 2019, there is a public school facilities surcharge imposed on residential new construction for which a building permit is issued on or after July 1, 2004, other than residential new construction that is both:
- (i) Classified as senior housing; and
 - (ii) An affordable housing unit, as defined in [section 28.116](#) of the County Code.
- (2) Except as provided in paragraphs (3) and (4) of this subsection, the surcharge is:
- (i) \$4.75 per square foot of occupiable area in residential new construction through December 31, 2020;
 - (ii) \$6.25 per square foot of occupiable area in residential new construction through December 31, 2021; and
 - (iii) \$7.50 per square foot of occupiable area in residential new construction thereafter.
- (3) (i) The surcharge is \$1.32 per square foot of occupiable area in residential new construction that is:
1. Classified as senior housing under 42 U.S.C. § 3607(b); or
 2. Addition construction, meaning construction of an addition to a building where the work requires a Howard County building permit and where the addition either:
 - A. Increases the number of gross square feet of occupiable nonresidential structure on the property; or
 - B. Increases the number of gross square feet of occupiable residential structure on the property by 2,000 square feet or less and addition construction of more than 2,000 square feet shall be assessed a rate under subsection (b)(2) of this section for the square feet of the addition that is more than 2,000 square feet.
- (ii) 1. In this paragraph, "Downtown Columbia Development District" has the meaning provided for the term "Development District" in Council Resolution 105-2016.
2. Outside the Downtown Columbia Development District, surcharge is the greater of \$1.32 or one-third the rate set under paragraph (2) of this subsection for a moderate income housing unit that is built onsite beyond the number of moderate income housing units required for the development by [title 13](#), subtitle 4 of this Code.
 3. In the Downtown Columbia Development District, the surcharge on residential new construction that is an affordable unit is a rate of:
 - A. \$1.32 per square foot of occupiable area; plus
 - B. One-half of the difference between \$1.32 and the rate that would be applicable to the residential new construction if it was located outside the Downtown Columbia Development District.
- (iii) The surcharge is one-third of the rate set under paragraph (2) of this subsection for non-senior residential new construction projects that have received funding from the State of Maryland or from the County as an affordable housing project after December 31, 2020.
- (4) The rate established in paragraph (2) of this subsection shall be adjusted for inflation in accordance with the Consumer Price Index for All Urban Consumers published by the United States Department of Labor, for the fiscal year preceding the year for which the amount is being calculated. The adjustment may not reduce the rate below \$1.32.
- (c) The amount and terms of the surcharge, and the use of the revenue collected under the surcharge, shall be as required by [section 20.142](#) of the Howard County Code, as enacted by Chapter 744 of the Acts of the General Assembly of 2019.

(C.B. 15, 2004; C.B. 42, 2019, § 1; [C.B. 58, 2022](#), § 1)

School	Capacity	APFO 2027-28 Projected	Utilization	Seat Surplus/ Deficit
Cradlerock	398	434	109%	-36
Jaffers Hill	377	378	100%	-1
Phelps Luck	597	693	116%	-96
Stevens Forest	380	307	81%	73
Talbot Springs	490	396	81%	94
Thunder Hill	509	440	86%	69
TOTAL	2751	2648	96%	103

Columbia - West

Bryant Woods	289	391	132%	-92
Clemens Crossin	521	543	104%	-22
Longfellow	512	473	92%	39
Running Brook	449	403	90%	46
Swansfield	650	516	79%	134
TOTAL	2421	2316	96%	105

Northern

Centennial Lane	603	687	114%	-84
Hollified Station	732	737	101%	-5
Manor Woods	681	671	99%	10
Northfield	700	747	107%	-47
St Johns Lane	612	714	117%	-102
Waverly	788	816	104%	-28
TOTAL	4116	4372	106%	-256

Bellows Spring	726	771	106%	-45
Deep Run	719	630	88%	89
Ducketts Lane	650	557	86%	93
Elkridge	713	738	104%	-25
Manover Hills	810	931	115%	-121
Ilchester	659	634	96%	25
Rockburn	584	621	106%	-37
Velerans	799	817	102%	-18
Waterloo	603	531	88%	72
Worthington	424	341	80%	83
TOTAL	6587	6471	98%	116

Atholton	424	452	107%	-28
Bolman Bridge	609	685	112%	-76
Forest Ridge	647	694	107%	-47
Gorman Crossin	735	614	84%	121
Guilford	465	444	95%	21
Hammond	653	739	113%	-86
Laurel Woods	609	641	105%	-32
TOTAL	4142	4269	103%	-127

Bushy Park	732	620	85%	112
Clarksville	543	547	101%	-4
Dayton Oaks	719	714	99%	5
Fulton	738	651	88%	87
Lisbon	627	440	83%	87
Pointers Run	744	813	109%	-69
Triadelphia Ridg	584	609	104%	-25
West Friendship	414	364	88%	50
TOTAL	5001	4758	95%	243
TOTAL	25018	24834	99%	184

If Howard County had UPP

HCPS Middle School Enrollment - Capacity v. Projected APFO 2027-8

School	Capacity	APFO 2027-28	Utilization	Seat Surplus/ Deficit
Bonnie Branch	701	695	99%	6
Burleigh Manor	779	819	105%	-40
Clarksville	643	667	104%	-24
Dunloggin	565	648	115%	-83
Elkridge Landing	779	772	99%	7
Ellicott Mills	701	681	97%	20
Fly Quarter	662	735	111%	-73
Glenwood	545	511	94%	34
Hammond	604	697	115%	-93
Harpers Choice	506	522	103%	-16
Lake Elkhorn	643	557	87%	86
Lime Kiln	721	739	102%	-18
Mayfield Woods	798	804	101%	-6
Mount View	798	875	110%	-77
Murray Hill	662	672	102%	-10
Oakland Mills	506	451	89%	55
Patapsco	643	750	117%	-107
Patuxent Valley	760	900	118%	-140
Thomas Viaduct	740	874	118%	-134
Wilde Lake	740	631	85%	109
TOTAL	13496	14000	104%	-504

HCPS High School Enrollment - Capacity v. Projected APFO 2027-8

School	Capacity	APFO 2027-28	Utilization	Seat Surplus/ Deficit
Atholton	1530	1453	95%	77
Centennial	1360	1393	102%	-33
Glenelg	1420	1371	97%	49
Guilford Park	1658	1609	97%	49
Hammond	1445	1332	92%	113
Howard	1400	1312	94%	88
Long Reach	1488	1331	89%	157
Mariotts Ridge	1615	1821	113%	-206
Mt Hebron	1400	1336	95%	64
Oakland Mills	1400	1474	105%	-74
Reservoir	1573	1523	97%	50
River Hill	1488	1389	93%	99
Wilde Lake	1424	1416	99%	8
TOTAL	19201	18760	98%	441

Source:
Howard County APFO School Capacity Chart:
<https://www.howardcountymd.gov/planning-zoning/adequate-public-facilities>

Motion

Replace the APFO schools test with a Utilization Premium Payment (UPP) fee modeled after the system used in Montgomery County, so that instead of a required wait time, developers of residential units are charged an additional fee calculated by applying a UPP factor to Howard County's existing school surplus fee when the development's impact on the projected school utilization of the assigned schools exceeds adequacy thresholds. The payment factor percentages are to use the same tier percentages as Montgomery County and the adequacy thresholds (utilization and seat deficit standards) should be developed using the Montgomery County approach.