



School Construction Excise Tax

Charles County Government

Updated: July 2024

What is the Excise Tax?

- **Applies to all new residential units, except Age-Restricted Communities**
- **Revenues are used to fund the construction of new schools and additions**
- **Paid by the homeowner, divided up on the Property Tax Bill over a 10-year period**
- **Excise Tax replaced the School Construction Impact Fees**

Who Pays the Tax?

- **Any homeowner of a dwelling unit constructed after July 1, 2003**
- **Anyone who purchased a home that has an outstanding Excise Tax balance**

Who Implemented the Excise Tax?

- **The Maryland General Assembly granted the Charles County Commissioners the authority to establish a new school capacity financing mechanism**
- **Charles County Commissioners adopted Ordinance No. 02-97 on November 19, 2002, which became effective on July 1, 2003**

How Much is the Tax?

- **For Fiscal Year 2025, the amount of the School Construction Excise Tax is:**
 - **Single Family Dwelling – \$21,351**
 - **Townhouse – \$21,398**
 - **Multi-Family Dwelling – \$18,868**
- **A study is performed annually to determine if the amount of the Tax needs to be adjusted**

Calculating the Tax

- **The Tax is based on County costs associated with school construction including land, buildings, equipment and financing**
- **Also tied to the change in the Producer Price Index for Construction Materials**
- **The Excise Tax may increase or decrease annually**

Assessing and Collecting the Tax

- **When a home is built and the Use & Occupancy Permit is issued, the full tax will be assessed to the property owner the following July 1st**
- **The Excise Tax is fully assumable. Any unpaid portion will transfer from one homeowner to another at the sale of the property**
- **Divided up and paid off over a ten (10) year period**
- **There is no prepayment penalty**

Have I Been Assessed the Excise Tax?

- **Any property for which a Building Permit for a new residential dwelling unit is applied for AFTER July 1, 2003 and is issued a Use & Occupancy Permit is subject to the Excise Tax**
- **The Excise Tax will likely appear on a tax bill as “FS”, followed by the year assessed. An example is provided on the next slide**
- **Contact the Charles County Treasurer’s Office for information concerning whether the Excise Tax has been assessed to a property**

Sample Tax Bill



**CHARLES COUNTY
MARYLAND**
P.O. Box 2607, La Plata, MD 20646
301-645-0685

2019-2020 Full Year Real Property

| BILL NUMBER | BILL DATE | LIBER | FOLIO | PROPERTY NUMBER |
|-------------|-----------|-------|-------|-----------------|
| | 7/01/2019 | | | |

Payment due upon receipt. No partial payments accepted. Failure to receive tax bill does not excuse payment of taxes, interest or penalty. IT IS THE TAXPAYER'S RESPONSIBILITY TO FORWARD THE TAX BILL TO THE LENDING INSTITUTION FOR PAYMENTS.

| COUNTY ASSESSMENT: | | | PAYMENT IN FULL | | | CONSTANT YIELD TAX RATE | | |
|--------------------|----------|----------|---|---------------------|-----------|--|--|--|
| STATE ASSESSMENT: | | | PAYMENT AMOUNT SHOWN FOR MONTH OF PAYMENT | | | County Tax Rate = 1.205 | | |
| TYPE | RATE | AMOUNT | MONTH | INTEREST | PAYMENT | CYTR = 1.1814 | | |
| BRF | | 60.00 | | | | CYTR is less than County Rate by .024 | | |
| ESF | | 119.00 | | | | IMPORTANT: See notes on reverse side | | |
| CNTY | 1.141000 | 7,608.19 | | | | Make checks payable to: Charles County Treasurer P.O. Box 2607 La Plata, MD 20646-2607 Phone: 301-645-0685 or 301-870-2249 | | |
| FIRE | .064000 | 426.75 | | | | Maryland Relay Service: 7-1-1 Relay TDD# 1-800-735-2258 www.CharlesCountyMD.gov E-mail: Treasurer@CharlesCountyMD.gov | | |
| FS19 | | 1,993.58 | | | | INTEREST AND PENALTY OF 1% PER MONTH BEGINS ON THE APPROPRIATE DELINQUENT DATE. | | |
| STAT | .112000 | 746.82 | | | | | | |
| WPRF | | 78.00 | | | | | | |
| | | | | TAXES | 11,032.34 | | | |
| | | | | INTEREST & PENALTY | .00 | | | |
| | | | | SERVICE CHARGE | .00 | | | |
| | | | | PAYMENT RECEIVED | 11,032.34 | | | |
| | | | | TOTAL DUE W/SVC CHG | .00 | | | |

| | | |
|------------------------------------|-----------|------------------------------------|
| TOTAL TAXES IF PAID IN FULL | 11,032.34 | SEMIANNUAL PAYMENT SCHEDULE |
|------------------------------------|-----------|------------------------------------|

Semiannual payment schedule is not applicable for this type of property tax bill. See information to the right regarding real property applicability.

Semiannual payment schedule is only applicable for Full Year Real Property designated Principal Residence or Business Property.

1st Semiannual Payment must be received by September 30. If the 1st semiannual payment is late, this payment schedule is no longer available.

2nd Semiannual Payment includes the State and County service charges. Interest on the 2nd Semiannual Payment amount will accrue after December 31.

Am I Eligible for an Exemption?

- **The Tax will not be levied on a new house if it replaces a “habitable structure” on the same property, provided it has been occupied within one (1) year prior to issuance of the Building Permit**
- **Provided the above is met, the homeowner must submit a letter to the Department of Planning & Growth Management c/o the Planning Director**
- **There are five (5) areas that must be covered in the letter**

Letter to the Planning Director

- **The letter must include the following:**
 - **Homeowners name and address**
 - **Explanation of what happened on the property (Is it a tear down and re-build?)**
 - **When the fire or tear down occurred and when was the new home constructed on the property**
 - **Permit numbers and approval dates**
 - **Proof that the home was habitable within a maximum of one (1) year prior to the issuance of a Building Permit (this can be done via SMECO or Water & Sewer Bill)**

Disclosure Statement

- **Prior to the sale or transfer of real property improved by residential development, the seller / transferor must provide notice to buyer / transferee that includes:**
 - **Statement that the Fair Share Excise Tax may be levied on the property; and**
 - **The amount of the tax for the dwelling type on the property**
- **The County has prepared a sample disclosure form that is located on the next slide**

Disclosure Form

Fair Share School Construction Excise Tax Notice

This Notice concerns the real property located in the County of Charles, State of Maryland, described as:

This Notice is a disclosure of the existence of the Charles County Fair Share School Construction Excise Tax provided for in Article 66B, Section 14.05(f) of the Annotated Code of Maryland.

SELLER'S INFORMATION

The following are notices made by the seller and are not the representations of the agent(s), if any. This information is a notice only and is not intended to be part of any contract between the buyer and seller.

In order to finance the new costs incurred by Charles County to provide new capacity for public school facilities required by new residential development in Charles County, Charles County imposes an excise tax levied against the owner of real property that is improved by new residential development. The amount of the tax equals all County costs to construct one unit of new student capacity for public school facilities, multiplied by the pupil generation rate for that particular new dwelling type in the County. The term "dwelling type" includes single family detached homes, townhouses, and multifamily housing units.

The fair share school construction excise tax is collected and secured in the same manner as general ad valorem taxes unless otherwise provided by ordinance, and subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as provided in general ad valorem taxes. The tax is collected annually over a period of 10 years at level amortized payments of principal and interest. The rate of interest payable by a property owner is set at the rate of interest paid by the County on the new school capacity construction bonds issued in the first year the excise tax is levied on that property owner. The tax constitutes a lien on all taxable real or personal property of the taxpayer for a period of 10 years or until the lien is satisfied by repayment. The tax is assumable, and there is no penalty for prepayment.

The amount of the tax for the dwelling type on the property is \$ _____

Seller _____ Date _____

Seller _____ Date _____

We acknowledge receipt of a copy of this Notice:

Purchaser _____ Date _____

Purchaser _____ Date _____

For Further Information:

- For questions about Fiscal issues, contact Eric Jackson at 301-645-0712
- For policy or exemption questions, contact Ben Yeckley at 301-645-0645 or Melissa Hively at 301-638-2409



Presented By:

**Charles County Government
Department of Planning & Growth Management**

301-645-0692

200 Baltimore Street, La Plata, MD 20646

MD Relay Service: 7-1-1

Equal Opportunity Employer

It is the policy of Charles County to provide equal employment opportunity to all persons regardless of race, color, sex, age, national origin, religious or political affiliation or opinion, disability, marital status, sexual orientation, genetic information, gender identity or expression, or any other status protected by law.

www.CharlesCountyMD.gov

