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Resort officials frown at Worcester impact fee

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The proposed county impact fee to raise money for school construction got poor marks in Ocean City, and the mayor and City Council plan to voice their opposition to the bill to the Worcester County Commissioners themselves.

If the bill passes, the proposed fee would see developers and property owners in the resort paying significantly more than their fair share to the county, city officials said. Ocean City is already the largest source of revenue for the county, generating at least 57 percent of its property tax revenues.

Ocean City Planning Director Jesse Houston presented the information given to the county by the firm that conducted the impact fee study, and concluded the proposed fee would place an exceedingly high burden on property owners in Ocean City.

"The numbers suggest Ocean City development and property owners would be paying significantly more than their fair share under this proposal," he said.

The student-generation rate calculated for the county overall (how many new students would be added to the rolls per new household) and used to calculate the fees is more than seven times higher than the rate for Ocean City. The resort would be paying for more students than it would have.

The city's projected increase of 476 public school students is significantly below the 2,061 estimated for the county. If the fee is passed, said Houston, the city will end up paying an unfairly high percentage as compared to other areas.

As proposed, the impact fee for a single-family house would be \$5,942. For multi-family buildings with 2 to 19 units, the cost would be \$2,514 per unit, for buildings with 20 or more units, a \$355 per unit fee would be charged, while mobile homes would pay \$3,471.

Ocean City already charges its own impact fees to pay for the costs of general infrastructure improvements. Charges of \$315 per water fixture and a \$750 per unit are levied on all new developments in the resort.

Finance Administrator Martha Bennett gave an overview of the county's finances, noting that tax revenues in 2005 increased at least 20 percent in all tax areas, raising the year-end net assets to more than \$69 million. In particular, the transfer and recordation taxes brought the county in excess of \$10 million more than expected.

"These two sources have generated unprecedented income for the county above what was budgeted," Bennett said.

Council President Rick Meehan said these two taxes, levied every time a property is built or sold, are essentially impact fees the county already collects. Since these taxes are collected every time a property changes hands, unlike the one-time impact fee, Meehan said they already generate substantially more revenue than the impact fee ever would.

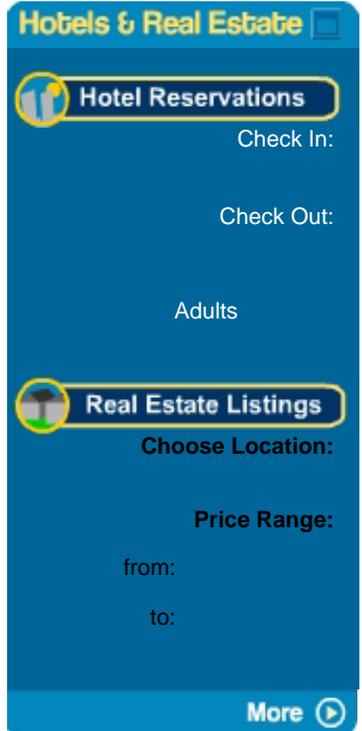


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Bennett agreed, adding that the constantly increasing revenue of the county has given it more than enough money to fund the necessary school improvements without imposing the impact fee.

"I think there are adequate resources available to the county that would meet their needs at the current time," she said.

While city officials agreed that education funding should be a county priority, they disagreed that an impact fee is needed to pay for capital improvement projects at the schools.

County officials reportedly declined an invitation to come to Ocean City to explain the proposed bill and answer questions at Tuesday's city council work session. The council voted unanimously, with Councilmen Joe Hall and Joe Mitrecic absent, to send a letter opposing the bill to the County Commissioners and to attend their Feb. 21 meeting when the bill comes up for a vote.

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