

**Sayers, Margery**

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**From:** Alan Spiegel <Alan@TheBeaconNewspapers.com>  
**Sent:** Monday, May 18, 2020 8:12 PM  
**To:** CouncilMail  
**Subject:** CR 84 & CR 85

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Please vote against CR 84 & CR85 as they will add thousands of dollars in additional taxes to my future home sale and purchase of a new home. A Howard County home transaction is charged the 2nd highest amount of taxes in the state & if these bills are passed, Howard County residents will pay more than any other jurisdiction in the state. Please vote NO!  
Thank you!



Alan Spiegel  
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240-786-7611

May 18, 2020

**Re: LETTER IN OPPOSITION OF CR 85-2020 – Recordation Tax Increase**

Dear Chairwoman Jung and Members of the Howard County Council:

The Howard County Chapter of the Maryland Building Industry Association (MBIA) writes in opposition of Council resolution 85-2020, which increases the county Recordation Tax, which alters Howard County's recordation tax structure. Under the proposal, recordation tax rates would increase gradually depending on the value of the property transaction being recorded.

While we appreciate the sponsors' intent to structure this increase to protect lower-income housing, we believe this increase would actually hurt the availability of housing at lower prices in Howard County. The average sale price of an apartment community in the last five years in the County is \$53,278,000. Under this bill, the new recordation tax amount would increase from \$268,640 to \$1,172,166, an increase of \$903,526. That is unreasonably and prohibitively expensive. Current apartment owners will have a much harder time selling, and a new apartment building owner would likely need to raise the cost of rent to make up the difference. Furthermore, new development is already slowing. With the cost of new construction increasing, and this new challenge to selling upon completion, new and affordable multifamily homes are strongly disincentivized and unlikely to be built in the future.

Furthermore, few Howard County homes fall into the lower bracket of this proposed structure. The median real estate transaction was \$436,565 in 2019. Of the 4921 real estate transactions last year, 10.18% were \$250,000 and below; 34.44% were \$500,00-\$1,000,000; and 3.86% were \$1,000,000 and above. The majority, 51.51%, were in the \$250,000 - \$500,000 range. This new structure would affect half of all real estate transactions. That means our growing "missing middle" will be the most affected and face a \$1,000 tax increase. That cost will go towards the final cost of the home, making home purchasing more challenging for families who are already struggling during a global pandemic.

We understand that the County is facing significant financial challenges. However, this is partially the Council's own doing. The most recent Spending and Affordability Reports warned that the discouragement of new development through APFO, the School Facilities Surcharge increase, and new Forest Conservation requirements would result in a significant deficit and a potential cut to County services. In times like these, when the County needs new revenue, we must stay competitive. Economic development should be encouraged.

For these reasons, we respectfully request the Council vote NO on Council Resolution 85-2020. Thank you for your attention to this issue and your continued support of the local home building industry.

If you have any questions about these comments and would like to discuss MBIA's position further, please do not hesitate to contact me at [abailey@marylandbuilders.org](mailto:abailey@marylandbuilders.org) or (202) 815-4445.

Best regards,



Angelica Bailey, Esq., Vice President of Government Affairs

Cc: Councilman Opel Jones  
Councilmember Christiana Mercer Rigby  
Councilman David Yungmann

County Executive Calvin Ball  
Sameer Sidh, Chief of Staff to the County Executive  
Councilmember Elizabeth Walsh

Bruce A. Harvey  
 Testimony 05/18/2020  
 Howard County Council  
 Resolution No. 85-2020

My name is Bruce Harvey and I live in Fulton, MD, I am also majority owner of Williamsburg Homes headquartered in Howard County. I am testifying against Council Resolution 85-2020.

To propose an increase in Recordation Tax during these extraordinary times is hard to imagine. Businesses are struggling to survive; furloughs and salary decreases are the norm for many Howard County businesses. So, to increase taxes, a portion of which will be used to give County employees a raise goes against the grain. We are better served to cut our costs and look at rainy day funds to get through this crisis.

The recordation increase will make Howard County's total transfer tax rate the highest in the region except for Montgomery County and Baltimore City. At sales prices above \$900,000, we become the highest in the region as documented in the charts below. At some point, these tax increases will have the effect of turning people away from this County, especially those of means, because the cost will just be too high.

The hidden secret in this bill is that the tax applies to Deeds of Trust and Indemnity Deeds of Trust that are recorded against real estate. Most of the charts circulated to support this tax increase have plotted the increased cost for a residential home closing. However, the big money is on these other instruments. For my Company, we borrow money for construction from local lenders who then record an IDOT against the underlying real estate. Our largest lender has an IDOT of \$13,000,000. Today that recordation cost is \$65,000. Under the new legislation that cost is \$275,500, a more than 4 times increase. The bigger issue is that national builders like NVHomes, Ryan Homes, Beazer Homes, and Lennar Homes do not borrow construction money using recorded IDOTS. The national company cost advantages are already evident in national commodity price deals and labor savings due to volume; this just makes Williamsburg Homes even less competitive. As you can see, this is an anti-small business bill.

For the above stated reasons, please vote no on Resolution 85-2020. Thank you for hearing my testimony.

County Total Transfer Tax – Comparison Table \$500,000 Sale

County	Recordation Tax	County Transfer Tax	State Transfer Tax	Total Transfer Tax
Anne Arundel County	0.70%	1.00%	0.50%	2.20%
Baltimore City	1.00%	1.50%	0.50%	3.00%
Baltimore County	0.50%	1.50%	0.50%	2.50%
Carroll	1.00%	0.00%	0.50%	1.50%
Harford	0.66%	1.00%	0.50%	2.16%
Montgomery (using \$500,000 sale)	1.78%	1.00%	0.50%	3.28%
Prince George's	0.55%	1.40%	0.50%	2.45%
<b>Howard (Using \$500,000 Sale)</b>	<b>0.70%</b>	<b>1.50%</b>	<b>0.50%</b>	<b>2.70%</b>

County Total Transfer Tax – Comparison Table \$900,000 Sale

County	Recordation Tax	County Transfer Tax	State Transfer Tax	Total Transfer Tax
Anne Arundel County	0.70%	1.00%	0.50%	2.20%
Baltimore City	1.00%	1.50%	0.50%	3.00%
Baltimore County	0.50%	1.50%	0.50%	2.50%
Carroll	1.00%	0.00%	0.50%	1.50%
Harford	0.66%	1.00%	0.50%	2.16%
Montgomery (using \$900,000 sale)	1.59%	1.00%	0.50%	3.09%
Prince George's	0.55%	1.40%	0.50%	2.45%
<b>Howard (Using \$900,000 Sale)</b>	<b>1.10%</b>	<b>1.50%</b>	<b>0.50%</b>	<b>3.10%</b>