



CR86–2021 Building Excise Tax

Written Testimony

May 25, 2021

Position: Opposed as filed

Howard County's budget crisis stems from the various ways the county subsidizes developer profits. The building excise tax is yet one example.

This fee is pegged to a construction pricing index that has zero bearing on the county's cost of doing business. As such, IndivisibleHoCoMD opposes setting the fee based on such an index.

In the County Code these rates are capped at annual maximum increase allowances set by the Engineering News Record Baltimore Region Construction pricing index.

While the county pegs the tax to the construction index, the developer sets its sale and lease price to the market rate. The difference between the two rates is profit earned by the developer at the expense of taxpayer dollars.

This is because while the county departments are assured their budget, other services suffer. For example, the cumulative impact of underfunding infrastructure or increase in debt leading to lower quality of schools and roads.

The county is obligated to charge the appropriate market-rate fees to defray the cost of doing business. This tax is just one of several hundred fees it charges to developers where the fee is much less than the cost of doing business.

We urge the county to demonstrate good stewardship of taxpayer dollars by not subsidizing developer profits.