

County Council of Howard County, Maryland

2021 Legislative Session

Legislative Day No. 7

Resolution No. 86 -2021

Introduced by: The Chairperson at the request of the County Executive

A RESOLUTION adopting the schedule of rates for the Building Excise Tax.

Introduced and read first time May 3, 2021.
By order Michelle Harrod
Michelle Harrod, Administrator

Read for a second time at a public hearing on May 17, 2021.
By order Michelle Harrod
Michelle Harrod, Administrator

This Resolution was read the third time and was Adopted Adopted with amendments __, Failed __, Withdrawn __, by the County Council
on May 26, 2021.

Certified By Michelle Harrod
Michelle Harrod, Administrator

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment

1 **WHEREAS**, Chapter 285 of the Acts of the 1992 Maryland General Assembly (Section
2 20.500 *et seq* of the Howard County Code) authorizes the County to establish a Building Excise
3 Tax to finance capital projects for additional or expanded public road facilities in Howard
4 County; and

5
6 **WHEREAS**, Section 20.503 of the Howard County Code requires the County Council to
7 adopt a schedule of rates for the Building Excise Tax; and

8
9 **WHEREAS**, the County Council may increase the Building Excise Tax in accordance
10 with Section 20.500(c) of the Howard County Code; and

11
12 **WHEREAS**, pursuant to Section 20.500(c)(2) of the Howard County Code, the
13 percentage of the increase in the Building Excise Tax since the month and year when the
14 building excise tax was first enacted may not exceed the percentage of the increase in the
15 Engineering News Record Construction Cost Index for the Baltimore Region (based on 1913
16 U.S. average equals 100), as reported in the Engineering News Record, since the base month and
17 year when the building excise tax was first enacted.

18
19 **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Howard County,
20 Maryland this 26 day of May, 2021 that it adopts the schedule of rates for the
21 Building Excise Tax attached to this Resolution and incorporated herein; and

22
23 **BE IT FURTHER RESOLVED** that the schedule of rates for the Building Excise Tax
24 shall be effective on July 1, 2021 and shall continue in effect until changed or repealed by
25 subsequent resolution of the County Council.

**BUILDING EXCISE TAX
RATE SCHEDULE**

RESIDENTIAL CONSTRUCTION

Each gross square foot of new construction~~[[\\$1.51]]~~\$1.60
Each gross square foot of addition construction.....~~[[\\$1.51]]~~\$1.60

NON-RESIDENTIAL CONSTRUCTION

Office and retail
 Per gross square foot of addition construction
 or new construction.....~~[[\\$1.51]]~~\$1.60

Distribution and manufacturing
 Per gross square foot of addition construction
 or new construction.....~~[[\\$0.77]]~~\$0.82

Institutional and other
 Per gross square foot of addition construction
 or new construction.....~~[[\\$0.77]]~~\$0.82



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.



HCCA

Howard County Citizens Association
Since 1961... The Voice of the People of Howard County

May 24, 2021

County Council – HCCA Positions on Resolutions 72,73,74,86,80 2021

Resolutions 72/73 – These fees have been stagnant for far too long and need to be reviewed for a rational increase. Adding a purely inflationary clause to increase automatically is warranted.

Resolution 74 – the ZRA petitioner fee should be increased to follow the County Code and have the Council set the appropriate cost to the County to be reimbursed by petitioners who stand to profit immensely from these measures. Individuals who petition for these changes also benefit very much, and should have to weigh investing in a change carefully, since the changes affect others.

Resolutions 86/89- The HCCA has argued for a long time to raise or eliminate the fee-in-lieu of providing MIHU's to get them more spread out, and/or get more County funds closer to the cost of the units. These fees are artificially capped by the building industry which is entirely inappropriate and not done by other jurisdictions. The cap has to be removed. While it is in place, the Council should be told the maximum that can be chosen to raise the fee in the legislative financial impact information.

The Howard County Citizens Association (HCCA) agrees with the testimony provided by The People's Voice (TPV) on these resolutions.

Stu Kohn

President

The People's Voice, LLC

Ethics Ballot™

3600 Saint Johns Lane, Suite D, Ellicott City, MD 21042

May 17, 2021
County Council Testimony

CR 86/89 – Building Excise Tax and MIHU fee-in-lieu increases – Should be amended to be increased to allowed cap. Also request to remove cap.

The Building Excise tax and fee-in-lieu of providing MIHU's is set annually. In the County Code these rates are capped at annual maximum increase allowances set by the Engineering News Record Baltimore Region Construction pricing index. This is a building industry journal, whose annual indices are not all that easy to find. The County financial analysis on this legislation should include the maximum amount you are allowed to consider.

We have been giving this same testimony for many years now. Asking to have the rate published with the legislation, asking to get closer to the maximums as they are set so low. Some years, I have been able to find this maximum, googling. Some years I have had to pay over \$100 to join ENR then cancel my subscription after getting the figures. This year, I was able to find the chart with some caching efforts online. The legislation proposes a 5% increase on both. The charts from ENR this past year since the last review was complete, shows increases of over 6 to 12% depending on which month cuts off for 2020 or 2021 in your analysis. There are recommendations you will be reviewing from task forces looking at housing and equity issues that touch on raising these fees, especially the MIHU fee-in-lieu. The first thing that needs to happen is to remove this artificial cap that ties your hands and disallows you to use them as planning tools. This cap is not used as a maximum in other jurisdictions but is referred to as something to consider. Time for HoCo to not have this industry driven maximum, and make the local decisions as this Council sees fit.

We recommend the maximum allowed percentage in both cases, as being limited artificially for so long should not just be beneficial in one direction. After all, we don't even charge fees that cover County costs for decades in our procedures, regarding other current legislation, but we have allowed maximums dictated from one industry inflation index.

Thank you.

Lisa Markovitz
President