



# HOWARD COUNTY DEPARTMENT OF INSPECTIONS, LICENSES AND PERMITS

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Date: October 21, 2021

To: Lonnie Robbins, Chief Administrative Officer  
Department of County Administration

From: Robert Frances, P.E., Director  
Department of Inspections, Licenses, & Permits

Subject: Testimony Regarding the Timing of the Collection of Moderate Income Housing Unit Fee-In-Lieu (MIHU) and Building Excise Tax Fees

The Building Excise Tax was originally instituted in the late 1990's and was a fee based upon the square footage of newly constructed buildings. Around 2004 the School Facilities Surcharge was created with language intending to capture the same measurable building square footage. Lastly, in the early 2010's the Moderate Income Housing Unit (MIHU) Fee-In-Lieu fee was established, again utilizing the same new building square footage. The use of this square footage was deliberate so that from a practical standpoint it could be easily identified, measured, and managed to allow collection in a method that was understandable and predictable to everyone involved.

The Department of Inspections, Licenses & Permits (DILP) is the primary agency responsible for the identification, assessment and collection of these fees for the Department of Finance. Because these fees are typically adjusted as part of the budget cycle that take effect July 1<sup>st</sup>, the first day of each new fiscal year, DILP has traditionally collected the fees based upon the rates in effect at the time of permit issuance. However, the strict letter of the code does not specifically state this in every case. In fact, the language varies in County Code from §20.505 (Building Excise); §20.142 (School Facilities Surcharge); and §13.402C (MIHU Fee-In-Lieu).

Below is a brief summary of the current language from the various sections of County Code:

### **Building Excise**

§20.505(a) states that an applicant shall pay the tax...at the same time [they] pay for the building permit.

### **School Facilities Surcharge**

§20.142(d)(1) states it shall be paid by the applicant at the time a building permit is issued for the residential new construction.

### **MIHU**

§13.402C.(e)(6) states that a developer shall pay the fee-in-lieu for each unit when a building permit application is submitted.

### **Fiscal Impact**

The current practice is to impose the rate and fees at the time a permit is issued which provides consistency and predictability. The proposed legislation, which will codify the current practice, will not have any fiscal impact.