

February 27, 2024

The Honorable Marc Korman
Chair, Environment & Transportation Committee
House Office Building, Room 251
6 Bladen St., Annapolis, MD, 21401

RE: HB 940 - Local Government - Authorized Uses of Revenues from Development Impact Fees

Dear Chairman Korman:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB940 Local Government - Authorized Uses of Revenues from Development Impact Fees**. MBIA **Opposes** the Act in its current version.

HB 940 would authorize the use of revenue from development impact fees to finance the capital costs for replacement, maintenance, or expansion of public works, improvements, or public facilities. This is a statewide bill which will have different impact in different jurisdictions. For starters, we have concerns with the broad intent of this legislation. It seeks to authorize the use of impact fee revenue to do what they already are intended to do, provide local governments revenue from builders for public facilities necessitated by new residential or commercial development. The legislation also seeks to broaden the use of impact fees for which is more along the lines of an excise tax. Often, we hear that the impact fees paid in a certain area of the county don't go back to that area to address aging and failing infrastructure, schools, roads and other public facilities.

Impact fees are a double-edged sword in the sense that it seems on paper it makes sense that taxing a new development to fund services utilized by both new and existing residents makes sense but the fee is often deterrent for new projects given the arbitrary type nature in how they are assessed through cost and the impact of the project. The SCOTUS recently heard oral arguments for *Sheetz v. County of El Dorado, California* which focuses on a development built in 2016, where the builder constructed a 1,854-square-foot manufactured house for his family. The County required him to pay \$23,420 in traffic-mitigation fees based on the type and location of his project, even though no individualized assessment was made to correlate the fee with the project's actual impact on local or state roads.¹

We need to have a larger discussion on impact fees in the State of Maryland. For these reasons, MBIA respectfully requests the Committee give this measure a un favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee

¹ "*Sheetz v. County of El Dorado, California.*" <https://www.oyez.org/cases/2023/22-1074>