

March 3, 2020

The Honorable Anne R. Kaiser
Chair, House Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, MD 21401

RE: Support of House Bill 1454 (Howard County - Transfer Tax - Rate Increase Authorization Ho. Co. 26-20)

Dear Chairwoman Kaiser:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, supports House Bill 1454 (Howard County - Transfer Tax - Rate Increase Authorization Ho. Co. 26-20).

This measure proposes an increase to the county transfer tax currently levied on the resale of existing residential homes. This increase is appropriate, given that resales significantly contribute to new student enrollment. New construction only accounts for around 40% of new students in the public school system, yet as a result of 2019 Delegation and County Council legislation, our industry is the only one being held responsible for funding new school construction. At the Delegation Work Session on January 12, 2019, both the Department of Planning and Zoning and the Board of Education acknowledged that the resale of existing homes significantly contribute to new student enrollment. This is consistent with our data. If the real estate industry is also responsible for contributing to school capacity issues, then the new construction industry should not be the only one responsible for paying to address them.

In addition to a transfer tax increase, we believe the formula for transfer tax distribution should be reevaluated. The current transfer tax distribution formula allocates 25% to school capital projects, 25% to parks construction, 25% to agricultural land preservation, 12.5% to housing, and 12.5% to fire and rescue services. Decreasing the percentage of transfer taxes allocated to agricultural land preservation is reasonable with the recent change of RC-DEO land to a Tier IV designation that only allows a maximum of 4 lots to be created on these properties. The increase in the allocation to school construction and an increase in the fee itself hold resales responsible for their fair share of the cost of new school construction.

This increase contributes towards a multifaceted approach, which will be more effective in increasing school capacity and school funding. Simply increasing the school facilities surcharge and extending the APFO schools test will not solve the problem.

For these reasons, MBIA respectfully requests the Committee give this measure a 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: House Ways and Means Committee Members