

March 4, 2025

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 Miller West Building
Annapolis, MD, 21401

RE: MBIA Letter of Support SB814 - Local Government - Development Impact Fees, Surcharges, and Excise Taxes - Reporting

Dear Chairman Guzzone,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 814 Local Government - Development Impact Fees, Surcharges, and Excise Taxes - Reporting**. MBIA **supports** the Act in its current version.

SB814 would require county governments to make a certain report by July 1 each year to the Governor and General Assembly on the amount and use of county development impact fees, surcharges, and excise taxes.

The intent of this legislation is transparency, majority of counties statewide impose some form of a development impact fee whether it's an impact fee, surcharge fee, or an excise tax. The majority of counties that impose this tax are unable to accurately disclose how much is collected and where that fee goes, even fees that have earmarked intents. In certain jurisdictions development impact fees are expensive, typically the applicant must pay the fee at building permit and then carry the fee until the amount can be recouped through sale. For example in Montgomery, fees are as high as \$56,000 per unit in certain areas and as high as \$30,000 per unit in Prince Georges County outside of the beltway. Fees are also increased based on certain formulas annually in Prince George and bi annually in Montgomery County.

We are finding that jurisdictions are unable to accurately disclose how much in fees is collected and where the fee goes. Counties are seeing aging and failing in infrastructure, overcrowded schools etc. and the industry is penalized despite addressing for their impact through these fees. Penalties include moratoriums in certain counties, increased fee amounts in areas, and additional mitigation fees in some cases. Fees are being used as just additional revenue in most cases - going directly to general funds, when they are supposed to go to specific needs unless an excise tax is in place.

This is common sense legislation that is beneficial to both the applicant and the jurisdiction. SB814 would aid counties in better tracking these fees and understanding where the money is going.

For these reasons, MBIA respectfully urges the Committee to 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: Members of the Senate Budget and Taxation Committee