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Council Hikes Impact Fees

Big discount in first year gives developers a break

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Published November 04, 2008

The County Council passed a historic hike in impact fees last night, ending 10 months of debate on whether to make developers pay a larger share for the expansion of schools, roads and public safety buildings.

In a 4-3 vote, the council approved a plan to more than double the fees in 2011. That is expected to inject \$9.9 million into county coffers for construction projects that year.

But, facing uncertainty about the slowing economy, the plan first offers a two-year discount in order to encourage development in the short term.

Proponents of the fee increases say the move eventually will stop taxpayers from having to subsidize the building of bigger roads and schools for the county's new residents.

Opponents argued that the two-year discount exacerbates the subsidy and that it's also a bad idea to increase any fee during an economic downturn.

Councilman Daryl Jones, D-Severn, cast the deciding vote to push the plan through. Aside from a brief time he opposed the legislation after the major stock market crashes in October, Mr. Jones was undecided until last night, when he provided the bill's three co-sponsors with the necessary fourth vote.

"While I don't think this is the best bill, perhaps that's what makes it a decent bill. It is a compromise," Mr. Jones said. "I consider myself pretty much a in-the-middle person trying to do what's in the best interest of the county, trying to weigh all of the factors that are there. ... There are parts of it that I do think are appropriate, such as the increase. There are parts that I think are inappropriate, such as the discount."

Even one of the co-sponsors offered muted support for the bill's final form. Councilman Josh Cohen, D-Annapolis, expressed distaste for the discount period, which county officials estimate would cost the county between \$2.5 million and \$5 million.

"In the long run, this bill will raise impact fees," Mr. Cohen said. "I've stated all along that our impact fees are too low. ... We should not let the perfect be the enemy of the good."

The bill's other co-sponsors, councilmen Cathy Vitale, R-Severna Park, and Ed Reilly, R-Crofton, also voted yes.

The proposal took a loopy legislative path since it was proposed by County Executive John R. Leopold in January. Anne Arundel's impact fees were among the lowest in the state, recapturing about 22 percent of the cost to expand infrastructure to accommodate new growth.

Mr. Leopold's first proposal set the fees to recoup 100 percent. That bill eventually was pulled after councilmen challenged the data used to set the fees and formed an independent commission to review the calculations.

The bill passed last night recoups between 43 percent and 80 percent of the cost to build roads, schools and public safety buildings when fully implemented in 2011. The lower percentages reflect the fact the county already has some space on roads and in schools to accommodate growth.

"I'm very pleased, as you can imagine," Mr. Leopold said this morning. "The council's action was a victory of collaboration and perseverance. ... The fees that will take effect in 20 months will enhance our ability to invest in the school and road improvements that are vital to the county's economic future."

Under the plan, the current fee charged to build a 3,000-square-foot home would drop from \$5,096 to \$2,272 for 2009. It would then rise to \$4,546 in 2010 and jump to \$11,363 in 2011. The cost to build a 90,000-square-foot office complex would drop from the current rate of \$201,690 to \$112,950 in 2009, then rise to \$225,900 in 2010 and ultimately jump to \$564,840 in 2011.

Councilman Ed Middlebrooks, R-Severn, opposed an increase from the beginning of the debate, saying any fee increase translates into money out of the taxpayer's pocket. Councilman Ron Dillon, R-Pasadena, said he thought the current fees were too low, but he disliked raising them during a bad economy and had misgivings about the philosophy behind some of the fees. Both voted against the plan last night.

Councilman Jamie Benoit, D-Crownsville, voted against the plan even though he thought impact fees should be increased. He adamantly opposed lowering the fees at any point, calling it "a tax break for developers."

In explaining his no vote last night, Mr. Benoit compared lowering the fees before raising them to an anecdote about recently trying to buy a last-minute plane ticket to Boston.

"I was told there was only one ticket available, and that I could get to Boston if I was willing to connect in Phoenix, Arizona. And this reminds me of that," Mr. Benoit said. "We're going to Baltimore to Boston, via Phoenix."

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