

February 17, 2021

Chairman Guy Guzzone
3 West
Miller Senate Office Building
Annapolis, MD 21401

RE: SB 566 (Anne Arundel County- Transfer Tax- Housing Trust Special Revenue Fund).

Dear Chairman Guzzone,

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, writes in opposition to SB 566 (Anne Arundel County- Transfer Tax- Housing Trust Special Revenue Fund).

This bill would grant the County the authority to increase the transfer tax on residential and commercial properties sold in Anne Arundel County that are valued over \$1 million to fund a Housing Trust. MBIA opposes this measure on the following grounds.

Residents of Anne Arundel County already pay numerous fees and taxes including a recording fee; a state property tax; a county property tax; a Bay restoration fund fee; and a stormwater management fee. Additional fees may be added atop these universal charges as well depending on the nature of the property. Additionally, from fiscal year 2010-2021 the total real estate taxes collected by the county have increased 57% without the imposition of new taxes. Additionally, the real estate market is cyclical and would not produce consistent revenues for the county which could see massive revenue reductions due to overexposure in the event of a market downturn.

These taxes would drive up housing costs and the state of Maryland currently has a housing affordability crisis. By imposing additional costs on developers Anne Arundel county would drive up the price of residential units which would make it difficult for those units to be priced low enough that low income buyers could afford them. This bill has no cap on how high the special transfer tax could get, which means if the imposed tax is high enough it could conceivably obliterate the affordable housing market entirely by making it impossible to price new units low enough.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

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