



Bill 34-19 - Taxation – Development Impact Taxes - Affordable Housing - Housing Impact Fairness Act

Public Hearing
December 3, 2019

OPPOSE

On behalf of the Montgomery County Chamber of Commerce, the Greater Bethesda Chamber of Commerce, the Gaithersburg-Germantown Chamber of Commerce, and the Greater Silver Spring Chamber of Commerce and the thousands of employers and employees our organizations represent, **we jointly oppose Bill 34-10 - Taxation – Development Impact Taxes - Affordable Housing - Housing Impact Fairness Act.**

Just a few weeks ago, the Council adopted an economic development platform and repeatedly stressed the importance of Montgomery County's economic competitiveness with surrounding jurisdictions. These proposed taxes will further disincentivize individuals from coming to Montgomery County and making such a purchase. It will encourage the trend of prospective buyers going elsewhere in our region, as *these additional taxes do not exist in other area jurisdictions*. The proposed legislation – additional taxes on county residents and small businesses – is in direct opposition to the platform that the Council unanimously supported.

When a property is torn down and redeveloped, it will be assessed at a higher value and face higher property taxes. With that taxing mechanism already in place to address infill redevelopment, the proposed new taxes are punitive and duplicative. The residents of those larger, more expensive homes also bring potential positive economic impacts to their new community. The government should encourage this type of redevelopment because it revitalizes aging neighborhoods and can bring new potential economic growth. This proposed legislation also deters the creation of more energy efficient infrastructure often included in the upgraded home.

It is important to stress the negative consequences this bill will have on small businesses. Infill home builders – the small businesses that will be most affected by this legislation – are at the mercy of the market for the properties on which they work. This legislation will add tens of thousands of dollars to the budget for a renovation project and could deter home buyers from projects that require substantial renovation. That means painters, plumbers, electricians, and other contractors who rely on these jobs will be drastically impacted. If those businesses suffer – close, relocate, stop growing, or simply shrink – the effect this bill has on our local economic ecosystem will far outweigh any added revenue created.

It is imperative for our future economic prosperity that the County grow its tax base. Supporters of the proposed legislation speak of the dire need for additional funding for school construction and affordable housing; our organizations agree with the need for these critical investments. However, growing our county tax base should be the most important long-term strategy for acquiring additional funding. Further burdening the residents and small businesses currently making up that base will be counter-productive in any effort to reach those goals.

For the aforementioned reasons, our Chambers jointly oppose **Bill 34-19**. Thank you for your consideration.