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Leopold admits reversing his stand on impact fees

As state delegate in 2001, he decried them; today he seeks larges increases to balance county budget

By Phillip McGowan

sun reporter

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Years before he became Anne Arundel County's chief executive, [John R. Leopold](#) sounded a lot like the critics of his current plan to impose perhaps the highest development impact fees in Maryland.

In 2001, Leopold attacked county leaders' idea of raising those fees "during our current recessionary slump." He argued that it could hurt commercial growth, dampen the prospect of affordably priced housing and unfairly burden selective homeowners.

"They are insidious, regressive homeowner taxes," Leopold, then a member of the House of Delegates, wrote in a letter to the Maryland Gazette.



Today, as Leopold tries to balance the county budget amid millions lost in state aid and real estate tax revenue, the second-year county executive acknowledged that he has flipped his position.

To steer the county through a period of fiscal uncertainty and hold to his pledge of not raising property or income taxes, he is supporting big increases in impact fees. Leopold has, however, sought to vary the fee for homes based on the number of bedrooms to eliminate the regressive impact on lower-income households.

"One of the frustrations is not funding the initiatives that can move the county forward to achieve excellence in a wide variety of areas, such as education, public health ... public safety," said Leopold, who was among a handful of delegates in 1986 to vote against a bill granting authority to local jurisdictions to levy impact fees.

"There's an old saying in politics: You stand where you sit. Now I sit in the county executive's chair. I have a responsibility to fund these programs."

His change of heart has renewed charges that Leopold is acting out of political expediency. Council members have questioned Leopold's timing in introducing his impact-fee bill in January, just as his

campaign reported \$504,000 in contributions in 2007, most of it from developers.

In the context of his shifting views on the county transfer tax, critics wonder whether Leopold is guided by self-interest.

On his campaign Web site in 2006, Leopold expressed support for raising the transfer tax on real estate transactions, "if coupled with the elimination of the current impact fees." Then in February 2007, Leopold told Bob Burdon, chief executive of the Annapolis and Anne Arundel County Chamber of Commerce, that he intended to raise the transfer tax, Burdon said.

In January, however, Leopold denounced the council's support of a transfer tax increase, even though his consultant on impact fees said that tax would be the "fairest" of several mechanisms for overhauling and building roads and schools.

"Historically, he has been consistent on where he has been on impact fees," Councilman C. Edward Middlebrooks, a Severn Republican, said of Leopold. "He fought against them, and he thought the transfer tax was the way to go. Then, when he had the opportunity to actually do something, he abandons everything he has said over the years for raising impact fees. How can that be?"

Months after state lawmakers helped approve \$1.3 billion in state tax increases, Leopold said the prospect that they would grant the county authority to raise the transfer tax was "unrealistic." Lawmakers did not take up the proposal.

Leopold reiterated that the council's interest in the transfer tax was an attempt to shield developers from higher impact fees. Those fees are intended to offset the burden on roads and schools.

A majority of council members said Leopold's opposition had more to do with not being able to take credit for the initiative himself. Leopold faced criticism during the 2006 campaign that he would boast of his own accomplishments to trump up media coverage and could not work with others, even though he has promoted "cooperation" and "collaboration."

County Council Chairwoman Cathleen M. Vitale, a [Severna Park](#) Republican, said: "I wish that people would focus less on who came up with the idea and more time on solving the problem. There's plenty of credit to go around."

Raising the transfer tax from 1 percent to 1.5 percent would generate up to \$25 million annually, county officials say. Anne Arundel would gain \$22.2 million annually under Leopold's revised impact fees, they said. The advantage of transfer tax revenue, council members said, is that it can be directed to modernizing schools and impact fee revenue cannot.

Impact fees, though, are more politically advantageous than other taxing mechanisms, including the transfer tax, said Dan Nataf, a political science professor at Anne Arundel Community College.

"To impose a charge on a newcomer that's coming to the county and also perhaps a new burden on a builder, it seems like a slam-dunk politically to go with the impact fee," he said.

Under Leopold's proposal, impact fees on a four-bedroom home would increase from \$4,069 to \$26,407. The fee for a four-bedroom condominium would increase from \$3,546 to \$51,232, and the fee for hotels would rise from \$1,031 per room to \$5,459, according to the bill. In the case of homes, those costs are typically passed onto the buyers.

With thousands of jobs and billions of dollars of development coming to Anne Arundel County because of a major expansion at [Fort Meade](#), Leopold said the county is not getting enough financial aid from state and federal leaders to pay for several billion dollars in transportation improvements.

Leopold has challenged arguments that his proposed fee would drive away commercial and industrial development at a time when some economists say the country is in a recession and homebuilding in the county is down sharply.

Council members have questioned the data used to reach the higher fees, and they formed a committee of business and community leaders to advise them.

The administration and the council appear to be in agreement on putting fees on a sliding scale based on square footage, as opposed to number of bedrooms. The status of the bill appears uncertain, however. The advisory committee is set to report back to the council April 7.

phill.mcgowan@baltsun.com

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