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Leopold: Lower impact fees to stimulate economy



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Temporary move receives mixed reaction from county leaders

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As the clock ticks down on the impact fee debate, County Executive John R. Leopold's latest move has sparked both interest and laughter from the County Council.

Mr. Leopold has been the most ardent supporter of setting the fees as high as possible to pay for new development's demands on roads and schools. But this week he proposed temporarily lowering them - repackaged as an "Economic Stimulus Impact Fee Schedule" that he said would invigorate the building industry and save jobs.

"It's an important stimulus to create (incentives) and encourage activity in a sluggish economy," Mr. Leopold said, adding he thought his plan was a workable compromise that still would phase in the higher fees in 2010.

"In the current economic environment, we should help protect jobs and still ensure that developers pay their fair share to add infrastructure," Mr. Leopold said in a statement. "Anne Arundel County has critical needs with regard to roads and schools, and failure to act will exacerbate billions of dollars of backlogs."

Whether the yearlong impact fee discount would generate growth remains a question. So does whether his plan will sway any of the councilmen who say it is a bad idea to raise the fees during a dismal economy.

Council Chairman Cathy Vitale, a fellow Republican who supports higher fees, was one of the many councilmen who laughed at Mr. Leopold's "economic stimulus" plan, calling it a "misnomer."

"All he's doing is pushing back the higher numbers," Ms. Vitale said. The impact fee debate began in January when Mr. Leopold first suggested an unprecedented increase in the fees, which currently are among the lowest in the state. Supporters say the higher fees are necessary to pay for road, school and public safety improvements that accommodate new growth.

Opponents say the current proposal sets the fees so high it would cripple an already injured building industry.

Mr. Leopold's move comes after three other councilmen began lobbying to kill the impact fee proposal two weeks ago, arguing it was a bad idea to increase the fees against the backdrop of the current economic crisis. Mr. Leopold's plan would still dramatically increase the fees in July 2010, but the phase-in would mean the fees would be lowered for about a year, then would return approximately to the current rates at the beginning of 2010.

The fee to build a 3,000-square-foot home would be more than cut in half during the first year, from \$5,096 to \$2,344. That fee would ultimately rise to \$11,721.

Builder Eric DeVito, president of the Home Builders Association of Anne Arundel County, found the idea of lower fees intriguing, but said the crux of the impact fee debate is still a question of whether the fees will stifle growth.

"If at the end of the day, a fee that's too high - is too high, no matter what economic stimulus proceeds it," he said.

Councilman Ron Dillon, a Pasadena Republican who led an effort to kill the fees, said the fee reduction "has some merit."

"The key factor to me is what are the 2010 rates going to be," Mr. Dillon said, adding he's

particularly concerned that if an increase passes the council, Anne Arundel's fees on commercial development would discourage building here because it would be cheaper to do construct office parks in nearby counties. "I don't want us to be losing projects to Howard County."

Councilman Josh Cohen, D-Annapolis, said he remained focused on his end goal to have the higher fees to lift the financial burden of new growth off taxpayers.

"Those of us who recognize a need to raise the impact fees are looking for a compromise that can secure four votes," Mr. Cohen said.

The proposal currently has support of Mr. Cohen, Ms. Vitale and Vice Chairman Councilmen Ed Reilly, R-Crofton.

Mr. Reilly said the issue that would sway another councilman to his side has more to do with the end fee than any temporary reduction in current fees.

"In a normal market, it (an impact fee discount) could help to speed up building," Mr. Reilly said. "But because of the national economic scene, all bets are off."

Councilman Jamie Benoit and Daryl Jones said they were not ready to vote for or kill the impact fee plan, but found's Mr. Leopold's new idea amusing.

"I won't commit one way or the other," said Mr. Jones, D-Severn. "But once again, it seems that he (Mr. Leopold) has come up with a very crafty solution."

Mr. Benoit, D-Crownsville, said the issue for him rests on how the fees are calculated, not whether the fees will be lowered. He pointed out Mr. Leopold's "economic stimulus" plan is nearly identical to another phased-in proposal the county executive offered two weeks ago.

"This was the hidden economic stimulus impact fee plan, I guess," Mr. Benoit joked.

The most vitriolic opposition to Mr. Leopold's new plan came from Councilman Ed Middlebrooks, a Severn Republican who has opposed impact fee increases since the debate began. He viewed the lowered fees as a bait-and-switch to get the development community on board.

"In the spirit of Halloween, it's trick or treat. Or, it's treat and trick. You get a treat now. You'll get tricked later," Mr. Middlebrooks said. "It's ridiculous. It's a bad bill with bad timing. Let it go."

Mr. Leopold has faced not only a lot of criticism for his plan, but also a lot of support from community groups who feel the lower fees force the taxpayers to subsidize development.

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