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OF WASHINGTON COUNTY, MARYLAND**

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FOR IMMEDIATE RELEASE

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**NEWS
RELEASE**

Excise Tax Changes Approved Following Public Hearing

The Washington County Board of County Commissioners passed proposed changes in the County Excise Tax Ordinance following a Public Hearing on June 17th.

The tax is assessed on construction of new homes and buildings and funds schools, roads and bridges. The Maryland Legislature required a study of the tax as part of a request made by the Commissioners to modify the way the tax is levied, from a unit cost to a cost based on square feet of new construction or additions.

The tax rate would be set at \$3.00 per square foot (psf) for new residences and for nonresidential retail establishments, and \$1 per square foot for nonresidential non-retail establishments. The rates would be changed from the current \$13,000 per single family dwelling unit, and \$15,500 for multifamily residence flat rate. In addition there were five categories of nonresidential taxation, and the changes would reduce the number of categories to two.

The Maryland General Assembly approved caps on the excise tax of \$4.50 psf for residential, \$4 for nonresidential retail and \$1.50 for nonresidential non-retail construction, to allow for flexibility as the construction market fluctuates.

A number of exemptions, for workforce housing, elderly housing and the first 50,000 square feet of nonresidential additions, would be removed, and language regarding a doubling of tax for subdivisions building more than 25 units in one fiscal year would be clarified. The Commissioners' ability to make additional exemptions or waive the tax on certain nonresidential buildings would be repealed.

The Board was required to approve the Ordinance before July 1st.

In the public hearing Jim Laird, representing Citizens for the Protection of Washington County, stated his organization's approval of the changes and urged the Commissioners to move forward with approval.

Jeremy Holder, representing Westfields LLC testified that the changes were equitable overall. Holder recommended that the Board delete a requirement in the

Ordinance requiring doubling of the tax when more than 25 units are built in a single development, saying it was unfair to home buyers.

Housing Authority of Washington County Director Richard Willson urged the Board to continue its work with the Legislature and consider exemptions for Housing Authorities and nonprofit organizations such as Interfaith Housing that construct workforce housing.

Following close of the hearing Commissioner Bill Wivell stated that developers have used the issue of doubling of excise taxes as a means to request tax mitigation plans, and requested information on the number of Workforce Housing exemptions requested to date. County Attorney Kirk Downey stated two requests had been made in the past two months, based on income level.

Commissioner Jim Kercheval reminded those in attendance that the Workforce Housing portion of the Ordinance is now being addressed through other means, but is still an issue of concern to the Commissioners. Kercheval requested better clarification on exemptions for institutions of higher learning, such as Hagerstown Community College, and Kaplan College. Language would be incorporated in the Ordinance basing the exemption on state requirements for accreditation of post-secondary schools. Language regarding religious entities' exemption for new construction would read "facilities used primarily for religious purposes."

Commissioner Kristin Aleshire had also requested clarification on the higher education definition, and stated that the Ordinance was "a reasonable compromise to make growth pay its fair share."

Commissioners' President John Barr expressed his opposition to the "doubling" provision, but also stated that the Ordinance was the result of countless hours of work by many citizens, staff and elected officials. "Not all of us agreed, but we did a good job, as gentlemen, trying to come to a consensus and were able to put this thing to bed," Barr said.

The written record was not required to be held open and a motion to repeal the current Ordinance, Revision 4, and re-enact the Washington County Excise Tax Ordinance, Revision 5, was approved by unanimous vote, effective July 1st.

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