

Montgomery County Business Leaders Reject Leggett Proposal to Delay Fees

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Montgomery County Executive Isiah Leggett has proposed delaying impact and permitting fees to encourage new construction.

“Thanks, but no thanks,” said Maryland-National Capital Building Industry Association President **Tom Farasy** during a Monday work session on deferring impact fees.

Raquel Montenegro, NCBIA associate director, said: “We do not see this as a stimulus initiative.” She said developers wouldn’t even build with a customer’s deposit and a mortgage pre-approval letter, because they have no confidence their client would still be employed in 60 or 90 days.

Michael Faden, a senior legislative attorney advising the council committee on fiscal policy, made the same point in his report on the proposal. He wrote that there was no proof that deferring the taxes and fees would help developers and builders start projects that are not economically feasible.

“The building industry recession appears to be caused primarily by cutbacks in occupant demand and unavailability of financing,” he wrote.

He recommended council members reject the bill.

The NCBIA representatives and Patrick O’Neil, from the Bethesda Chevy-Chase Chamber of Commerce, also complained that the year’s delay in collecting taxes wasn’t long enough. O’Neil pushed for a three-year delay, or better still, delaying collection until occupancy.

Council President Phil Andrews, D-Gaithersburg-Rockville-Potomac, and Councilwoman Duchy Trachtenberg, D-At Large, said they wondered if encouraging residential construction — with the exception of apartments — was even a wise move. The county has more inventory than buyers, Andrews observed.

Tom Street, assistant chief administrative officer, said it would be difficult to administer a program that made such distinctions, and that’s why the bill covers all construction.

Trachtenberg asked Street to ask the executive staff to rewrite the bill, and bring it back by the end of March.