

May 14, 2013

TO: THE PEOPLE OF LEGISLATIVE DISTRICT 8

THE "RAIN TAX" – A SNEAK ATTACK ON MD'S OVERTAXED TAXPAYERS

The unique thing about the Stormwater Management Fee (the rain tax) is that, although it was enacted during the 2012 legislative session, it is only in recent months that taxpayer and business frustration and anger have erupted. In 2012, I voted "NAY" on the fee (HB 987). State taxpayers, already taxed to death, now must shoulder a sizeable rain tax. No doubt about it, the rain tax will stymie business expansion and location in the state. Long known as a "business unfriendly state," Maryland might now be known as a "business hostile state."

The rain tax did not originate in the state legislature. In 2010 the federal EPA ordered Maryland to impose Stormwater Management Fees to reduce stormwater runoff into the Bay. The order constituted an unfunded federal mandate. In turn, the state passed the responsibility for the fee on to the counties as an unfunded state mandate and the counties are passing the \$14.8 billion cost of the reducing runoff on to taxpayers and businesses. And the buck stops there. The fees are assessed on homes and businesses in Baltimore City and the ten most populous counties, including Baltimore County and are based on the square footage of impervious surfaces on and surrounding homes and businesses. Impervious surfaces are hard surfaces, such as driveways, parking lots, roofs and sidewalks that deflect water, rather than absorbing it, causing polluted water to flow into the streams and rivers that feed the Chesapeake Bay. The program is supposed to reduce nitrogen levels in the Bay by 22% and phosphorus levels by 15% at an annual cost of \$482 million to residential and business owners. State-owned property is exempt from the rain tax.

Each county is required to set its own fee formula by July 1. The Baltimore County Council reluctantly approved a fee formula 5-2, which lowers the fee by 40% for nonprofit groups and religious organizations, requires single family homeowner to pay \$39 annually: townhouse owners, \$21, and condo owners \$32. Business property owners will pay a fee based on the square footage of impervious surface, including parking lots. In some cases, the rain tax on businesses may equal or exceed their property taxes. Businesses and homeowners that take steps to divert or contain the stormwater can earn exemptions and/or significant fee reductions.

As I see it, the rain tax will have a disastrous effect on the state's economy. If you owned a business, would you look at Maryland, with its hefty rain tax, as a good place to locate? Less business location means less job creation. I'm all for environmental protection and saving the Bay. Who isn't? However, if it means crushing economic growth and burdening already overburdened taxpayers, I'm against it!

Please do not hesitate to contact regarding this or any other legislative matter of concern to you. As always, I encourage and welcome your input.