

Members of the County Council,

Thank you for taking the time to review my testimony. I know that budgets are complex documents with many competing demands, and there is no making everyone happy, so I don't envy your task, but it is appreciated all the same.

My list of asks on the spending side is short and admittedly somewhat vague, as I think with recent developments revenue is also part of the issue here, but I will say that I was pleased to see the county executive's substantial investment in affordable housing. There can and should always be more, but progress is progress, and more revenue can and should be part of the discussion of doing more (more on that later). However, I was disappointed to see that he did not propose funding parks in a way that would keep up with inflated expenses, and encourage the council to correct this imbalance as much as is feasible.

As for revenue, I am aware of the controversy caused by the county executive's proposed 10 percent property tax increase, and a proposal from Councilmembers Mink and Jawando to raise the recordation tax. As with all tax increases, they are not cost free, and I won't pretend to have done the math to say that the proposed increases are the exact right amount. I encourage compromise if that is the best path forward, and I share the concerns of many about the fact that the budget as presented projects further shortfalls in future years.

However, I do think at least **some** increase in one, or both of these taxes is both reasonable and called for. Contrary to the claims of many, both our property and overall tax burdens are far from excessive in comparison to our neighbors. In fact, the tax burden for typical families at every measured income level were shown to be only the 7th highest out of 8 studied localities.

[Publications \(dc.gov\)](#)

For what it's worth I'd also suggest factoring in income tax increases as a possible part of the solution were they not capped by state law.

The recordation tax in particular is applied in a fairly progressive manner, taxing more expensive homes more severely, and more accurately represents the use of schools and other resources a household may utilize than the impact taxes that the previous council (correctly) lowered. I can assure you that when I spent 10s of thousands of dollars at closing for my condo, that tax wasn't what made or broke my ability to buy. There is a limit to everything of course, and no tax is cost free, but in a world of imperfect solutions, I think this is one of the best ones we have in our arsenal. A more ambitious reform might be to make the tax even more progressive, such that it might help encourage the production of smaller, cheaper homes (though of course this would also take substantial zoning reform to accomplish this goal).

Now it is true that should significant tax increases continue indefinitely our economic competitiveness could be harmed, and it's true that perceptions matter, but part of the reason those perceptions exist is because we let false narratives about our tax burden propagate. By

and large, we have room to increase rates without crippling taxpayers and it does no one any good to pretend otherwise

However, the whole discussion is frustrating when the county executive and others constantly deride new development that would add taxpayers and tax revenue to county coffers, and critics who point out that our economic development is stagnating are not wrong. Tax rate increases going forward can and should be part of the discussion, but so should growing our tax base over the protests of those that would prefer to preserve things in amber. Doubly so when new housing makes things more affordable for people to live here, and commercial investments can lead to more jobs.

Thank you,

Mike English

