2024 GBCC SB 985 Economic Dev Authority Support.pd Uploaded by: Ashlie Bagwell



Better business. Stronger community.

Testimony on behalf of the Greater Bethesda Chamber of Commerce

In Support of SB 985---Economic Development—County or Municipality Economic Development Authority— Powers and Use of Proceeds

February 21, 2024 Senate Budget and Taxation Committee

The Greater Bethesda Chamber of Commerce (GBCC) was founded in 1926. Since then, the organization has grown to more than 550 businesses located throughout the Greater Bethesda area and beyond. On behalf of these members, we appreciate the opportunity to provide written comments on SB 985— Economic Development—County or Municipality Economic Development Authority—Powers and Use of Proceeds.

The Greater Bethesda Chamber of Commerce supports policies aimed at attracting new businesses in Montgomery County and across the State. While growing the tax base is a huge priority for the Chamber, we appreciate efforts that focus on growing the commercial tax base, specifically. SB 985 gives counties and municipalities the ability to do that by creating and/or expanding the authorities and powers of an economic development authority, thereby expanding the ways in which they can take advantage of economic development opportunities. SB 985 gives local governments another tool in the toolbox when it comes to positively impacting economic growth at the local level.

.For these reasons, we would respectfully request a favorable vote on SB 985. And we thank Senator Lewis Young for her leadership on this important issue.

SB985_DHCD_SUPPORT.pdf Uploaded by: Chuck Cook



WES MOORE Governor ARUNA MILLER Lt. Governor JACOB R. DAY Secretary JULIA GLANZ Deputy Secretary

DATE: February 21, 2024

BILL NO.: Senate Bill 985

COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

Senate Bill 985 expands the powers of a local economic development, including granting it additional authority to issue bonds and use tax increment proceeds, and expands the list of available names for such an authority.

Background and Analysis:

The Maryland Economic Development Revenue Bond Act allows a county or municipality to establish a quasigovernmental economic development authority for the purpose of promoting economic development and the creation, attraction and retention of industry and commerce. Under existing law, the powers of these authorities are limited to receiving funds from governmental units or nonprofits; charging fees for services; hiring employees and/or consultants; and using the services of other governmental units. Senate Bill 985 greatly expands the authority's powers, allowing it to:

- Receive and use funds from any public, private or nonprofit source;
- Purchase or otherwise acquire, own, improve, lease, and sell or otherwise dispose of, real property;
- Borrow money and directly issue bonds;
- Purchase insurance and sue or be sued;
- Pay land development impact fees; and
- Otherwise transact business as necessary and in keeping with the authority's statutory purpose.

The Maryland Tax Increment Financing Act currently allows local governments to issue bonds for the purpose of tax increment financing, by which the local government issues bonds backed by projected increases in property tax revenues (the "tax increment") created by bond-funded infrastructure improvements. In addition to granting economic development authorities to issue these bonds, Senate Bill 985 not only allows economic development authorities to issue such bonds, but also expands the allowed uses of bond proceeds and tax increment funds to include a wide range of additional purposes, including:

- In a development district, RISE Zone or Sustainable Community, infrastructure improvements including streets, parking structures, lighting, storm drain/stormwater management infrastructure, noise and retaining walls, pedestrian infrastructure, recreational facilities, landscaping, and park facilities;
- Issuing loans for the purpose of encouraging redevelopment;
- Administrative and legal overhead costs;
- Financing of development costs, including environmental remediation;





TITLE:Economic Development - County or Municipality Economic Development Authority
- Powers and Use of Proceeds

- Affordable housing and homeless assistance;
- Acquisition and improvement of land; and
- Convention, conference, or visitors' centers.

Expanding the powers of local economic development authorities along with the allowed uses of bond proceeds and tax increment funds will give these authorities, and their jurisdictions, more freedom and flexibility to undertake projects that will address housing shortages as well as infrastructure deficiencies and economic stagnation. Senate Bill 985 will allow these authorities to better achieve their stated purposes of promoting economic development and the health, welfare, and safety of Maryland residents, encouraging commercial and industrial activity, and relieving unemployment.

DHCD Position:

The Department of Housing and Community Development respectfully requests a **favorable** report on SB 985.





SB 985, FAV, FCG OCE, LS24.pdf Uploaded by: Jessica Fitzwater

FREDERICK COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE



FROM:

Proceeds a favorable report.

SB 985 – Economic Development - County or Municipality
Economic Development Authority - Powers and Use of ProceedsDATE:February 21, 2024COMMITTEE:Senate Budget and Taxation CommitteePOSITION:Favorable

As the County Executive of Frederick County, I urge the committee to give SB 985 – Economic Development - County or Municipality Economic Development Authority - Powers and Use of

The Office of Frederick County Executive Jessica Fitzwater

By expanding the allowable uses of the Industrial Development Authority (IDA) in state code, this bill will provide a new tool for local governments to invest in underserved communities. This is particularly important to my Administration as we work to implement our award-winning comprehensive plan, Livable Frederick. Livable Frederick envisions a future for Frederick County where everyone can live, work, and thrive while enjoying a strong sense of place and belonging. This can only be accomplished if we employ creative and innovative solutions to the emerging challenges facing our community, including the housing crisis and growing infrastructure needs.

SB 985 would provide local governments, including Frederick County, with the ability to create a Redevelopment Authority and leverage future tax growth to reinvest in key areas in our community that are currently underutilized and have seen ongoing disinvestment. The expanded uses of IDAs outlined in this bill would be a critical tool for investments in site readiness, affordable housing stock, and infrastructure that would enable us to create more transit-oriented, multi-income housing and mixed-use communities.

Frederick County is the fastest-growing county in the state, which offers great opportunity as well as significant challenges. Through coordination between all levels of government, we can address the needs of our community and bring the vision of Livable Frederick to life. I see SB 985 and the establishment of a Redevelopment Authority as strategic components to that puzzle.

Thank you for your consideration of SB 985. I urge you to advance this bill with a favorable report.

Jessica Fitzwater, County Executive Frederick County, MD

MML-SB 985 - FAV.pdf Uploaded by: Justin Fiore Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

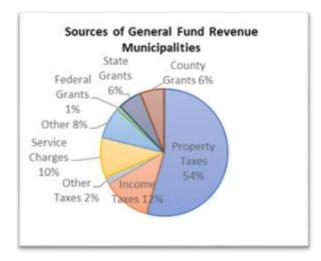
February 21, 2024

Committee: Senate Budget & Taxation Committee

Bill:SB 985 – Economic Development – County or Municipality Economic
Development Authority – Powers and Use of ProceedsPosition:Support

Reason for Position:

The Maryland Municipal League supports Senate Bill 985, which would enable local governments to establish new bonding authorities and expand the use of such funds.



This year, the League adopted a priority to find ways to diversify their revenue streams, in part, to be able to take on new modern challenges without further burdening residents with property taxes. As it stands, municipalities are overdependent on property taxes to provide essential services for their residents. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues.

The vast majority of those funds go to essential services like water, sewer, police protection, and transportation costs. On average, economic development spending only accounts for 2% of municipal expenditures. Cities and towns need new revenue sources and new revenue tools.

For these reasons the League respectfully requests that this committee provide Senate Bill 985 with a favorable report.

FOR MORE INFORMATION CONTACT:

Theresa Kuhns

Chief Executive Officer



Maryland Municipal League

The Association of Maryland's Cities and Towns

Angelica Bailey Thupari, Esq. Bill Jorch Justin Fiore Association of Maryland's Cities and Journs Director, Advocacy & Public Affairs Director, Public Policy & Research Deputy Director, Advocacy & Public Affairs

SB 985_Commerce_Economic Development Authority_Sup Uploaded by: Kevin Anderson



Wes Moore | Governor Aruna Miller | Lt. Governor Kevin A. Anderson | Secretary of Commerce Signe Pringle | Deputy Secretary of Commerce

DATE:	February 21, 2024
BILL NO:	Senate Bill 985
BILL TITLE:	Economic Development - County or Municipality Economic Development
	Authority - Powers and Use of Proceeds
COMMITTEE:	Senate Budget & Taxation
POSITION:	Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 985 – Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds.

Bill Summary:

Senate Bill 985 expands the authorized names and powers for a local economic development authority by allowing them the authority to issue bonds and use tax increment proceeds.

Background:

Under current law, counties and municipalities may establish, through local resolution, an industrial development authority with the power to receive funds from governmental units or nonprofits; charge fees for services; hire employees and/or consultants; and use the services of other governmental units. Additionally, under current law only local governments have the authority to issue bonds for tax increment financing.

Rationale:

Senate Bill 985 will expand the powers of a locally established authority by allowing it to receive and use funds from any public, private or nonprofit source; purchase or otherwise acquire, own, improve, lease, and sell or otherwise dispose of, real property; borrow money and directly issue bonds; purchase insurance and sue or be sued; pay land development impact fees; and otherwise transact business as necessary and in keeping with the authority's statutory purpose. The legislation will also allow economic development authorities to issue bonds, and will expand the allowed uses of bond proceeds and tax increment funds to include a range of additional purposes, including infrastructure improvements; issuing loans for the purpose of encouraging redevelopment; administrative and legal overhead costs; financing of development costs, including environmental remediation; affordable housing and homeless assistance; acquisition and improvement of land; and convention, conference, or visitors' centers. As a result, Senate Bill 985 will expand the ability of local economic development partners to complete economic development projects within their jurisdiction. Commerce supports granting the counties and municipalities the authority to add another tool to their economic development toolbox and allowing them the flexibility to do so in a manner that best suits their jurisdictions' needs and abilities.

Commerce respectfully requests a favorable report on Senate Bill 985.

FCDEO SB0985 Support Letter.pdf Uploaded by: Lara Fritts Position: FAV



DIVISION OF ECONOMIC OPPORTUNITY

Lara Fritts, Director

February 21, 2024

Senator Guy Guzzone Chair, Budget and Taxation Committee 3 West Miller Senate Office Building Annapolis, Maryland 21401

RE: Support for SB0985 Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds

Dear Mister Chairman,

As the Director of the Division of Economic Opportunity for Frederick County Government, I am responsible for enhancing the commercial tax base for the County while ensuring good jobs for our residents. After starting in this role last year, I learned about the planning efforts underway for revitalizing traditionally underinvested areas throughout the County, most notably our draft South Corridors plan. As the economic driver for the County - our economic development program lacks the tools necessary to encourage redevelopment to implement this community led plan.

As I researched how Maryland local governments can help facilitate redevelopment and revitalization, I found Maryland counties have limited tools to address economic development needs. However, by expanding the uses of funds under the Industrial Development Authority (IDA) language as proposed in HB0692 Counties can accelerate redevelopment, invest in affordable housing, and prepare sites to be ready for development with the goal of accelerating economic growth. Concisely, HB0692 makes changes to the state's IDA code to expand the scope of industrial development authorities and broaden the permitted uses of tax increment financing revenues to allow Counties across Maryland to fund redevelopment programs that will target investments to underinvested communities.

I am writing to express my strong support for HB0692 Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds. As a certified economic developer, I have over 25 years of experience in economic development, community development, bringing a wealth of expertise to this endorsement. My experience spans city and regional levels in both public and private sectors assisting companies to execute their location strategies or development projects while helping communities achieve their goals. Over my extensive career, I have witnessed how real estate investment projects are becoming more complex and as a result developers are turning to the public sector to help bridge gaps in project financing.

FREDERICK COUNTY GOVERNMENT

COUNTRACTOR

DIVISION OF ECONOMIC OPPORTUNITY

Lara Fritts, Director

In addition, redevelopment is generally more expensive than greenfield development, and thus developers seek public sector assistance to help with these additional costs.

HB0692 would provide Frederick County with the ability to work with our County Council to create a Redevelopment Authority. As written this bill will allow the Redevelopment Authority to use future tax growth to reinvest in traditionally under-invested areas of the County. This enabling legislation would allow the Redevelopment Authority to share a portion of the tax increment with the County while accelerating commercial tax base growth. Accelerating the tax growth will be possible through the expanded uses such as investing in site readiness, providing loans to fill gaps in private development capital stacks, and providing revenue for much-needed affordable housing.

Frederick County needs additional commercial investment. We are the fastest-growing County in the state by four-fold, yet our commercial tax base has decreased over the past two years because of the surge in residential growth. Senate Bill 0985 will help us facilitate commercial growth and address community goals such as affordable housing, commercial revitalization, environmental remediation, infrastructure and more, thereby allowing the Authority to respond to the evolving challenges and opportunities of development.

In conclusion, I request the esteemed Budget and Taxation Committee to give SB0985 a favorable report. By empowering our local governments with the tools proposed in SB0985, we can revitalize our communities, foster economic growth, and ensure a prosperous future for our state. Thank you for your time and consideration.

Sincerely,

arad, Fritts

Lara Fritts, CEcD, FM

SB985_RMC_SupportTestimony.pdf Uploaded by: Molli Cole



Susan O'Neill, Chair

Charlotte Davis, Executive Director

Testimony in Support of Senate Bill 985 - Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds Senate Budget and Taxation Committee February 21, 2024

The Rural Maryland Council supports Senate Bill 985 – Economic Development – County of Municipality Economic Development Authority – Powers and Use of Proceeds. This proposed bill aims to broaden the definition of the term "authority" in the Economic Development Article. It adds revenue authority, redevelopment authority, or other authorities with similar names to the definition. Additionally, it expands the powers of an authority as specified. The bill allows an authority to receive financial support from any public, private, or nonprofit source to fund its activities, powers, and duties as per the statute. The proposed bill permits an authority to issue bonds through an ordinance adopted by the governing body that created the authority. It also widens the eligible uses of tax increment and bond proceeds. Furthermore, the bill requires the governing body or municipality to have full auditing and oversight authority over any established authority.

Place-based economic development tools are crucial for rural communities as they help capitalize on the unique strengths and assets of each area. By focusing on the specific needs and opportunities of a particular region, place-based strategies can lead to more targeted and effective economic development efforts. This approach allows for tailored solutions that consider local resources, culture, and community preferences, ultimately leading to sustainable growth and prosperity. Place-based economic development tools also foster a sense of pride and ownership among residents, as they are directly involved in shaping the future of their communities. Overall, place-based economic development tools play a vital role in supporting the long-term success and resilience of rural areas.

In certain parts of the state, particularly in rural areas, commercial development has not kept pace with residential development. This could be due to a variety of factors such as lack of infrastructure and public amenities, or slower growth in commercial property development. Rural Maryland is no stranger to these challenges and has struggled with underdeveloped and outdated commercial areas. The tools in this bill can help to provide necessary economic development and growth opportunities to areas that desperately need expansion.

This bill can promote healthy growth and improvement in the quality of life in rural areas, the Rural Maryland Council asks for your favorable support of Senate Bill 985.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic, or regulatory solutions.



50 Harry S. Truman Parkway • Annapolis, MD 21401 Office: 410-841-5772 • Voice: 410-841-5761 • TTY: 800-735-2258 Email: rmc.mda@maryland.gov Website: www.rural.maryland.go

Susan O'Neill, Chair

Charlotte Davis, Executive Director

SB 985. Support Letter.pdf Uploaded by: Reuben Collins Position: FAV



CHARLES COUNTY COMMISSIONERS Reuben B. Collins, II, Esq., President Ralph E. Patterson, II, M.A., Vice President Gilbert O. Bowling, III Thomasina O. Coates, M.S. Amanda M. Stewart, M.Ed.

Mark Belton County Administrator

February 21, 2024

Bill:SENATE BILL 985 Economic Development - County or Municipality Economic
Development Authority - Powers and Use of ProceedsCommittee:SENATE – Budget and Taxation
FAVORABLE

Dear Chairman Guzzone, Vice Chairman Rosapepe, and Members:

On behalf of the County Commissioners for Charles County, this letter is to express support for SB 985 – Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds.

In addition to expanding how authorities may be referenced, to include "revenue authority," "redevelopment authority," or other similarly named authority, SB 985 also provides new opportunities for local governments to invest in revitalization projects and related infrastructure using TIF revenues and bond issuance under the auspices of the authority. There is an ever-growing need for local governments to help bridge gaps in project financing, particularly with redevelopment projects, and the proposed changes to the IDA law provide the counties and municipalities with another tool to make much needed projects, such as affordable housing and mall redevelopment, a reality. The amendments proposed to the IDA give local jurisdictions the ability to assess their particular needs and determine whether an authority is the right vessel to spur progress on their priority projects.

SB 985 utilizes the existing IDA framework as the foundation for increasing authorized uses of funds under the law and clarifying naming conventions. An authority provides unique features that may foster economic growth by attracting and retaining businesses and other investments in the jurisdiction. By expanding the investments that can be made with funds in the IDA, we have the ability to increase the economic impact of the authority as an economic development tool.

For the reasons stated herein, we encourage a FAVORABLE report on SB 985. Thank you for the opportunity to provide our support.

Sincerely,

Reuben B. Collins, II, Esq., President County Commissioners of Charles County

cc: Charles County Delegation



2.19.24_SB985_AAEDC Letter of Support_Committee.pd Uploaded by: Steven Adams



February 19, 2024

The Honorable Guy J. Guzzone, Chair Budget and Taxation Committee 3 West Miller Senate Office Building Annapolis, Maryland 21401

Re: Support for Senate Bill 985

Chairman Guzzone, Vice Chair Rosapepe, and Distinguished Members of the Budget and Taxation Committee:

The Anne Arundel Economic Development Corporation (AAEDC) requests a FAVORABLE REPORT on Senate Bill 985.

AAEDC is a quasi-governmental organization whose mission is to serve as a catalyst for business growth in Anne Arundel County – thereby increasing job opportunities, expanding the tax base, and improving citizens' quality of life. We offer a host of services to accomplish this, and we are proud to offer them to businesses in all areas of the county.

We are also proud that two of our programs, the Arundel Community Reinvestment (ACR) Fund and the Community Revitalization Tax Credit, support the redevelopment and revitalization of many of our older commercial districts. They do so by incentivizing property owners to invest in and improve properties located in Arundel County's eleven Commercial Revitalization Districts, parts of the City of Annapolis, and Brooklyn Park, the county's designated Enterprise Zone. These investments beautify neighborhoods and spur economic activity that benefits local businesses, the economy, and the residents of surrounding communities.

Given AAEDC's direct and active involvement in local revitalization and redevelopment activities, I am pleased to offer this letter in support of Senate Bill 985, which provides an important tool to advance these efforts in underinvested communities.

Senate Bill 985 enhances existing enabling legislation that is currently used by jurisdictions across the state by changing the naming convention and expanding the types of investments that can be made by Industrial Development Authorities (IDAs). IDAs play a crucial role in fostering economic growth by attracting and retaining businesses and other investments in their jurisdictions. By expanding the uses under the IDA legislation, this bill provides for enhanced economic development, redevelopment, and affordable housing throughout Maryland.



Senate Bill 985 allows local jurisdictions to directly invest in catalytic redevelopment efforts and address some of our most pressing challenges, including aging and/or lacking infrastructure and a lack of affordable housing.

In addition, the Bill greatly expands authorities' ability to receive and deploy funds by allowing an authority to receive funds from any public, private, or nonprofit source, enter into a lease agreement, borrow money, issue bonds, and use tax increment proceeds to fund permissible uses.

Taken together, the authority granted under this Bill provides local governments with the tools to better fund, facilitate, and grow diverse redevelopment and revitalization efforts that are essential to sustaining and strengthening our communities most in need.

AAEDC strongly supports Senate Bill 985 and respectfully requests a favorable report on these important resources to our regional economy.

Sincerely,

Ga

Amy Gowan CEO/President

SB0985-BT_MACo_SWA.pdf Uploaded by: Dominic Butchko



Senate Bill 985

Economic Development - County or Municipality Economic Development Authority -Powers and Use of Proceeds

MACo Position: SUPPORT WITH AMENDMENTS To: Budget and Taxation Committee

Date: February 21, 2024

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 985 **WITH AMENDMENTS**. This bill expands the scope of certain economic and industrial development authorities established by county governments.

For the 2024 Maryland General Assembly Session, MACo has made it a priority – one of the Association's four legislative initiatives – to *Advance Comprehensive Housing Solutions*. Much like climate change and sea level rise, the challenges surrounding affordable housing are vast and call for a large, multipronged effort. While in other policy areas, it may be easy to deduce a simple cause-and-effect relationship, housing is a complex web of multifaceted factors. Addressing challenges like workforce, financing, interest rates, broad economic trends, supply chain, and large out-of-state corporate interests – among many other obstacles – requires an all-hands-on-deck effort from policy makers at all levels.

MACo is working with sponsors to cross-file legislation to target several components of this crisis: abandonment/blight disincentives, corporate owner transparency, and short-term rental oversight. Additionally, under this initiative, counties will be supporting other pro-housing legislation which helps to advance the conversation, balances local flexibility, and ensures more Marylanders can afford a place to call home.

Counties recognize and support the intent of SB 985 and are keenly interested in partnership and being proactive stakeholders around affordable housing issues more globally. Counties offer the following amendment, which we believe to be friendly, to buttress a county's oversight and auditing authority over the economic and industrial development authorities:

• On page 2, in line 26, insert: "THE GOVERNING BODY OF A COUNTY OR MUNICIPALITY SHALL HAVE FULL AUDITING AND OVERSIGHT AUTHORITY OVER AN ESTABLISHED AUTHORITY."

With this amendment, SB 985 would become another tool in the toolbox in the fight to bring more affordable housing to our mutual constituents. For this reason, MACo urges the Committee to give SB 985 a report of **FAVORABLE WITH AMENDMENTS**.

SB0985 Economic Development Cover Letter (written Uploaded by: Senator Karen Lewis Young

KAREN LEWIS YOUNG Legislative District 3 Frederick County

Committee on Education, Energy, and the Environment



James Senate Office Building 11 Bladen Street, Room 302 Annapolis, Maryland 21401 410-841-3575 · 301-858-3575 800-492-7122 Ext. 3575 Karen.Young@senate.state.md.us

THE SENATE OF MARYLAND Annapolis, Maryland 21401

The Honorable Chair Guzzone The Honorable Vice Chair Rosapepe Budget and Taxation Committee Miller Senate Office Building Annapolis, MD

February 21, 2024

Testimony in favor of SB0985 Economic Development - County or Municipality Economic Development Authority - Powers and Use of Proceeds

Chair Guzzone, Vice Chair Rosapepe, and esteemed members of this committee,

SB0985 enhances the powers of industrial development authorities to help their establishing counties and municipalities pursue specialized development.

Industrial development authorities are established by counties and municipalities to engage in focused development of specific geographic areas without needing the day-to-day involvement of the county or municipal government. These authorities receive money from any governmental unit or non-profit and then provide consultation and loans to businesses in order to spur development.

This bill would empower these authorities to raise money through the selling of bonds, purchase or lease property and equipment, and enter into contracts. It will allow industrial development authorities to provide insurance, destruction, and rehabilitation of property. Finally, this bill will allow the authority to create needed infrastructure such as streets, utilities, public parks, trails, and stormwater management.

Development can take years and represent a significant burden on a county or community. Together, these powers are everything an industrial development authority needs to enact a comprehensive development vision established by the county or municipality. By empowering an industrial development authority, a county or community can maintain the long-term stability of development goals without directly burdening the public budget. I thank you for your consideration.

Sincerely,

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Senator Karen Lewis Young