



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.