



## House Bill 135

### *Economic Development - Tax Increment Financing - Noncontiguous Areas*

MACo Position: **SUPPORT**

To: Economic Matters Committee

Date: February 17, 2026

From: Kevin Kinnally & Charlotte Fleckenstein

The Maryland Association of Counties (MACo) **SUPPORTS HB 135**. This bill builds on existing tax increment financing (TIF) authority by allowing counties and municipalities to designate specified noncontiguous blighted areas as a single development district.

The bill modernizes an existing financing tool, and more accurately reflects how redevelopment challenges frequently appear across communities, where blight often appears in scattered parcels rather than in continuous blocks.

Under current law, TIF development districts generally must be geographically contiguous. HB 135 updates that framework by authorizing noncontiguous blighted areas to qualify as a development district, while leaving all existing approval requirements and fiscal decision-making in place. The bill does not require the use of TIF, does not expand taxing authority, and does not create new fiscal obligations for county governments.

Counties face redevelopment challenges along commercial corridors, in industrial areas, and in downtowns, where disinvestment rarely aligns with tidy, predictable boundaries. HB 135 allows counties to structure redevelopment projects around shared conditions and objectives, rather than forcing projects to conform to artificial geographic limits.

Any designation of a development district under the bill would still require local legislative action and a public process. Counties would decide whether to use this authority and how to structure any TIF project based on local priorities, fiscal capacity, and community input.

By providing a practical redevelopment tool that reflects on-the-ground conditions and works within existing fiscal and approval frameworks, HB 135 bolsters counties' ability to attract investment, advance revitalization efforts, and address blight in a measured, locally driven way.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 135.