

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1319 (Washington County Delegation)  
Commerce and Government Matters

Referred to Budget and Taxation

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**PenMar Development Corporation**

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This enrolled emergency bill establishes a PenMar Development Corporation to develop Fort Ritchie and accelerate the transfer of the fort's facilities and sites to the private sector. The corporation is constituted as a public instrumentality of the State and will be managed by a 15-member board of directors and an executive director. In order to finance or refinance projects, the corporation may borrow money. The corporation may set rates or charges for the use of services, and may not be required to pay any taxes or assessments on its properties or activities.

The Maryland Economic Development Corporation (MEDCO) may issue bonds on behalf of the PenMar Development Corporation.

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**Fiscal Summary**

**State Effect:** Potential minimal increase in State revenues as discussed below; expenditures would not be affected.

**Local Effect:** Potential indeterminate increase in revenues as discussed below; expenditures would not be affected.

**Small Business Effect:** Potential minimal impact on small businesses as discussed below.

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## Fiscal Analysis

**State Effect:** The Fort Richie Local Redevelopment Authority would be replaced by the PenMar Development Corporation. This authority is funded through a combination of federal, State, and local assistance, with combined State and local funding comprising approximately 10% of the total. It is assumed that the establishment of the corporation would not alter this situation. The majority of the funding for the authority comes from federal sources dedicated to base closure activities.

The Fort Richie Local Redevelopment Authority has developed a phased-in development plan that includes capital improvements. Any bonds issued through MEDCO would presumably be used to fund such improvements and other necessary activities to attract private sector entities to locate on the site. It is assumed that the assets used to cover such bonds would be the Fort Richie property once it is transferred to the State from the federal government.

To the extent that the activities of the PenMar Development Corporation spur economic and employment development, State tax revenues could increase.

**Local Effect:** The Fort Richie Local Redevelopment Authority would be replaced by the PenMar Development Corporation. This authority is funded through a combination of federal, State, and local assistance, with combined State and local funding comprising approximately 10% of the total. It is assumed that the establishment of the corporation would not alter this situation. The majority of the funding for the authority comes from federal sources dedicated to base closure activities.

To the extent that the activities of the PenMar Development Corporation spur economic and employment development, tax revenues could increase.

**Small Business Effect:** Small businesses that choose to locate on the Fort Richie property could benefit from the activities of the PenMar Development Corporation. Any capital improvements made or incentives offered could directly benefit these businesses. However, it cannot be determined at this time how many small businesses could be impacted. In addition, any small businesses that act as suppliers to businesses locating on the Fort Richie property could also benefit. However, depending upon the level of assistance given, small businesses in the area who do not locate on this property could be put at a competitive disadvantage.

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**Information Source(s):** Washington County, Fort Richie Local Redevelopment Authority,  
Department of Business and Economic Development, Department of Fiscal Services

**Fiscal Note History:** First Reader - March 7, 1997  
ncs Revised - Enrolled Bill - May 6, 1997

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