

RIVERDALE PARK BUSINESS ASSOCIATION

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“Working with Businesses and the Community since 1992”

February 19, 2020

Honorable Anne R. Kaiser, Chair

House Ways & Means Committee

House Office Building, Room 131

6 Bladen Hall

Annapolis, Maryland 21401

Re: Support for H.B. 540 – Purple Line Construction Zone Tax Credits

House Ways and Means Committee Hearing - February 20, 2020

Dear Chairwoman Kaiser and Members of the House Ways and Means Committee:

On behalf the Riverdale Park Business Association (RPBA), and as its President, I am writing this letter in support of H.B. 540, a bill to allow for state income and property tax credits related to the construction of the Purple Line in Prince George’s and Montgomery Counties. We thank the Committee for giving us this opportunity to weigh in on this important legislation. This legislation was discussed at a full membership meeting and was supported unanimously by the organization. I had hoped to testify personally in support, but unfortunately I am scheduled to be in a trial in Prince George’s County, and am unavailable to appear personally. I ask that this letter be made part of the record for this bill.

The express intent of this legislation is to provide state income and property tax credits to businesses within the affected zone of the Purple Line in order to off-set business loss as a direct result of the construction of the light rail system. The intent of the legislation is highly

appropriate, and we compliment the sponsors of this legislation for recognizing and understanding the business sensitivities to long-term construction projects such as the Purple Line. There are countless examples in the greater Washington, D.C. and Baltimore areas of how transit systems have had serious and significant impacts on business activities. In some cases, construction of these projects has resulted in business closures due to extensive periods where customers were unable to access retail and non-retail business operations. All due care is being taken to minimize business disruptions, but short-term economic impact will always occur to some extent.

The greater Riverdale Park area will have four planned Purple Line stations serving its residents and businesses. These stations run from the east boundary (Beacon Heights Station) to just past the western part of our town where the College Park Station will be located. There are two stations in between as well, with the most impactful station being the one at the intersection of Kenilworth Avenue and East-West Highway. Already, this particular intersection is one of the most heavily travelled in the entire State of Maryland. The economic disruption associated with the Purple Line at this location alone will be significant, far-reaching, and highly impactful to the more 250 businesses located within a half mile of this location. Needless to say, the importance of this bill to these and hundreds of other local businesses is tremendous. Some of these businesses may not survive this disruption, but the vast majority will. Offices such as mine will likely have minimal impact, but local retail operations will expect to take an economic hit.

The critical issue for these businesses, many of which are small businesses of fewer than 20 employees, is how complex will the application for benefits be pursuant to this bill. While it is difficult to determine the precise reasons for a fall off of revenue from year to year, few of these businesses will have the ability to hire consultants to run economic analyses to show how the loss of revenue or profit is directly tied to the Purple Line construction. We think that the bill would be improved if there are built in presumptions, as well as allowing direct proof of associated loss. One such amendment could include a presumption that if there was sustained revenue of at least a certain amount each year for the three preceding years before the commencement of the construction, and that there was at least a 25% reduction during the period of construction, that the business loss would be presumed to be associated with the construction.


Such presumptions would prevent small businesses from having to prove or disprove all the possible causes for such losses.

We would also support any effort to make the application process and associated materials needed for applicants to be streamlined for some of the very same reasons. The owners and operators of these businesses put in long hours and many are open to the public up to 12 hours or more, 7 days per week. There is little time to spend with complex applications. As a result, if the process is so cumbersome, or the supporting documents so voluminous, some of the very businesses which need the benefits provided by this legislation to survive, will be unable to avail themselves of the benefits due to staffing issues and the shear cost in terms of time and resources.

As the Committee and the General Assembly move towards adoption of this important legislation, we ask that these changes or similar ones be considered to allow this legislation to ultimately have its desired effect, which is to provide support for those businesses adversely affected by this important and vital transportation project.

Thank you for your time and consideration of the position and comments of the Riverdale Park Business Association.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Herman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael D. Herman, Esq.

President

240-508-5510