



**BRANDON M. SCOTT**  
MAYOR

*Office of Government Relations  
88 State Circle  
Annapolis, Maryland 21401*

**HB 414**

February 23, 2022

**TO:** Members of the House Ways and Means Committee

**FROM:** Natasha Mehu, Director, Office of Government Relations

**RE:** House Bill 414 – Economic Development – Project Restore Program & Fund

**POSITION: SUPPORT**

Chair Atterbeary, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 414.

In June 2021, the Maryland Department of Housing & Community Development (DHCD) launched the \$25 million emergency recovery initiative known as Project Restore.<sup>1</sup> This initiative incentivized small businesses and commercial developers to revitalize vacant retail and commercial space. The rental grants and sales tax rebates offered by DHCD offset startup costs and incentivized commercial investment in vacant spaces that had not generated sales tax receipts for six months. HB 414 will make this initiative permanent by establishing the Project Restore Program & Fund within DHCD.

More than 800 applications came into DHCD from across the State, requesting a total of over \$75 million.<sup>2</sup> In December 2021, the Governor announced the first round of awardees – 144 businesses in 23 of the State’s jurisdictions.<sup>3</sup> Small businesses can qualify for rental subsidies of \$2,500 per month for 12 months to offset startup costs during their first year – a value of up to

---

<sup>1</sup> N.A. (28 Jun. 2021). “Governor Hogan Announces \$25 Million Initiative to Revitalize Downtowns & Main Streets.” *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://news.maryland.gov/dhcd/2021/06/28/governor-hogan-announces-25-million-initiative-to-revitalize-downtowns-and-main-streets/>.

<sup>2</sup> N.A. (Dec. 2021). “Governor Hogan Announces \$10.8 Million in Project Restore Awards to 144 Businesses.” *The Office of Governor Larry Hogan*. Retrieved 18 Feb. 2022 from: <https://governor.maryland.gov/2021/12/20/governor-hogan-announces-10-8-million-in-project-restore-awards-to-144-businesses/>.

<sup>3</sup> Ibid.

\$30,000.<sup>4</sup> Under the Program, businesses can qualify for sales tax relief rebates equal to their sales tax receipts for the 12-month period – up to \$250,000.<sup>5</sup>

In the program’s first year, awards were made to 30 Baltimore City businesses. Nearly half of the City awards are supporting businesses located in a City Main Street or commercial corridor that is part of a larger revitalization strategy. Significantly for Baltimore City, DHCD has tiered eligibility along with the More Jobs for Marylanders model, which places Baltimore City, Baltimore County, Prince George’s County, the three Western Panhandle counties, and seven Eastern Shore counties in Tier 1. Companies in these jurisdictions can receive the sales tax relief rebate for two years of operation, rather than one. This renders a value of up to \$500,000.<sup>6</sup>

The retail industry has long faced challenges from e-commerce, and the COVID-19 pandemic accelerated this trend.<sup>7</sup> The City’s economic development agency, the Baltimore Development Corporation (BDC), has developed a strategy to make it easier for companies to invest and operate Downtown and in the City’s many neighborhoods. Project Restore has brought much-needed reinforcements to these efforts.

Additionally, continuing Project Restore would create new and critically needed opportunities for public-private partnerships that are critical to the Administration’s plan to substantially reduce vacant buildings. A recent analysis identified 600 vacant buildings throughout the City’s nine Main Street Districts. 75 percent of these vacant buildings are privately owned and located in communities where additional investment is underway and can be leveraged. There are over 100 additional privately-owned vacant properties throughout the City’s commercial corridors. Private-public partnerships to attract a more diverse product mix are underway in many of these areas but are hampered by the lingering and long-term effects of COVID including unpredictable materials pricing. Project Restore would provide a much-needed shot in the arm to attract new businesses, goods, and services. Residential redevelopment underway in or near most of these areas would further bolster Project Core recipients by providing a steady customer base.

We believe that the permanent establishment of the Project Restore Project & Fund will greatly benefit Maryland communities, particularly those in urban, suburban, and rural areas hardest hit by years of disinvestment.

For the above reasons, the BCA respectfully requests a **favorable** report on HB 414.

---

<sup>4</sup> N.A. (n.d.). “Notice of Funding Availability: Project Restore.” *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://dhcd.maryland.gov/Pages/ProjectRestore/NOFA.aspx>.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> N.A. (2021). “Baltimore Together: A Platform for Inclusive Prosperity.” *The Baltimore Development Corporation*. Retrieved 18 Feb. 2022 from: <https://www.baltimoretogether.com/>.