



February 28, 2025

Re: SB 859

Position: Unfavorable

Federal Realty Investment Trust, a Maryland real estate investment trust ("REIT"), is a recognized leader in the ownership, operation and redevelopment of high-quality retail-based properties with an expertise in creating urban, mixed-use neighborhoods. We have owned real estate in the State of Maryland for more than 60 years and have maintained our corporate headquarters in Montgomery County, Maryland for more than 50 years. Today, we own 17 real estate assets in the State of Maryland that include more than 4.5 million commercial square feet and more than 1,100 residential units and into which we've invested in excess of \$2.2 billion. Our real estate holdings include such iconic properties as Bethesda Row, Bethesda, Maryland, Pike & Rose, North Bethesda, Maryland and The Avenue at White Marsh, White Marsh, Maryland.

The economic impact our company has had in Maryland extends way beyond our investment in the real estate we currently own. Our vision and investment in the late 1990s into Bethesda Row was the catalyst for the revitalization of that area into one Maryland's strongest economic engines today. The same can be said for the White Flint area and our Pike & Rose property. We were a founding member of the group that worked with the County to create the vision for transforming the White Flint area into vibrant, walkable neighborhoods and were the first to move forward with an investment in creating that new vision when we started construction on Pike & Rose in 2012. In fact, in 2024, we were recognized by the Montgomery County Chamber of Commerce with its Visionary Award for the impact our work has had in the County. If you come to this area today you will see continued growth of economic activity in this area taking advantage of the significant private and public sector investment that has been made in additional housing and in modernizing and improving the utility and transit infrastructure. Again, economic growth in the County that would not have gotten jump started without the efforts and investment of Federal Realty.

Our properties also have significant community impacts beyond just providing retail goods and services, housing and work locations. Our properties focus on serving broader community needs. I encourage you to look at the attached pages that describe how The Avenue at White Marsh in Baltimore County is more than just a retail shopping center for that community.

It is with this long-standing record of making significant contributions to the economic growth of the State of Maryland and the local communities that we today submit this testimony in strong opposition to the Fair Share Tax Act's provisions that would impose an 8.25% surtax on the distributive share of a member of a pass-through entity from the pass-through entity's income in excess of \$1 million and would impose a separate 2.5% "transportation fee" on pass-through entities with income in excess of \$10 million.

Like most real estate companies, we own a number of our properties through partnerships and we invest in joint ventures with third parties through pass-through entities. The Fair Share Tax Act's additional pass-through entity taxes would significantly deviate from the US Internal Revenue Code and would make Maryland's taxation structure significantly different and more onerous than other states. We believe that implementing these tax changes would adversely affect Maryland's competitiveness and ability to attract additional investment and growth. As fiduciaries for our public shareholders, we have an obligation to make good investment decisions with

the capital they entrust to us. Imposing these new taxes would make investments in Maryland real estate far less competitive than the investment choices we have in other jurisdictions, including in the neighboring Commonwealth of Virginia, and would certainly lead to our significantly decreasing continuing investment in Maryland properties.

We fully appreciate the fiscal challenges the state is currently facing but believe these proposed taxes are short-sighted and will have more long-term negative impacts than short-term gain. Real estate investments have multiplier impacts on economic activity in their local communities and discouraging that investment through implementation of these taxes will have far reaching adverse economic consequences that will have lasting effects.

For all of the reasons outlined above, Federal Realty recommends an unfavorable report for the Fair Share Tax Act, S.B. 859. I would be happy to meet with legislators considering these changes to fortify our strong opposition and the reasons for it.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. Wood", with a stylized flourish at the end.

Donald C. Wood
Chief Executive Officer



CASE STUDY

THE AVENUE at White Marsh: The Heartbeat of the Community

Since 1997, THE AVENUE at White Marsh in White Marsh, MD, has served as a community cornerstone. It remains a top choice for a range of events and daily visits in the Baltimore area, creating a welcoming environment that visitors embrace as their own. The property perfectly embodies our community connection value.

SPOTLIGHT

Local Team

With an average of 25+ years at White Marsh, the locally based team brings deep connections to local organizations that have broad positive impact within the community.



KATHI ZACHMEIER-MCLAREN, Senior Regional Property Manager
CHRISTINE STUART, Property Manager, MATT S. BAER, Marketing Coordinator
JANET EWING, Senior Lease Administrator, LISA GEIGER, Director of Marketing

Experiences for All



Concert Series

Since 1998, the annual summer concerts have been a community favorite, drawing 15,000 guests and raising approximately \$4,000 for the local Parent/Teacher/Student Association each year.



Tots @ 10:00

Seasonal outdoor activities for preschoolers provided by local businesses, non-profits, and tenants. Themes range from meet and greets with local police and fire departments to flower planting with the help of the property's landscaper.



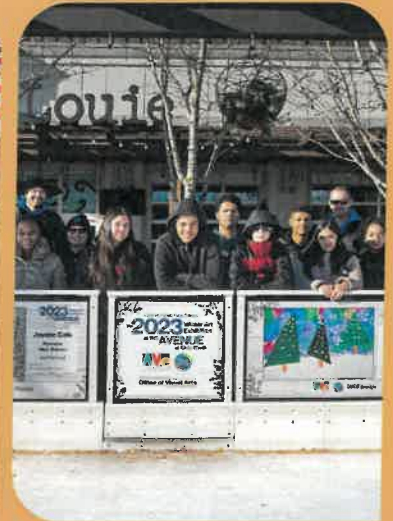
Makers of Maryland Market

Monthly My Sunday Market street festivals, and an annual Small Business Saturday Market from April to October feature over 500 local artists, promoting #supportlocal.



Holiday Events

The site draws 10,000+ visitors with its holiday events, including a 40-foot Christmas tree and a lively parade of local groups and high school bands; each band is supported by a \$500 donation. A menorah lighting adds to the cultural celebration.



Ice Rink

In winter, the central plaza transforms into Baltimore County's premier outdoor ice-skating destination, offering entertainment for families and friends, and hosting local fundraisers and celebrations. The rink also doubles as a gallery for the Baltimore County Public School Student Winter Art Exhibit, showcasing local youth artwork.

CASE STUDY: THE AVENUE AT WHITE MARSH

An Eye on the Environment



Little Seed Library

Offering free seeds from property plantings, this library also provides bird-friendly food and educational materials in partnership with a local wildlife center, focusing on bird health practices for over a decade.



Protecting Nesting Birds

The property is favored by nesting ducks and geese. To foster cohabitation, it features educational signs and a trained team that ensures hatchling safety.



Encouraging Pollinators

The site hosts two bee apiaries, supported by pollinator-friendly plants across the grounds. The harvested honey is thoughtfully shared with local enthusiasts and utilized by on-site restaurants, ensuring no waste.



Creative Reuse of Materials

By selling surplus items, the site aids local charities, demonstrated in 2023 when selling retired turf at the center of the property resulted in a \$2,600 donation to a local food pantry. This approach extends to repurposing and recycling items to further benefit the community.

SPOTLIGHT

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Red Brick Station | THE AVENUE at White Marsh, White Marsh, MD

One of the original tenants at THE AVENUE, Red Brick Station, has been a mainstay since opening day. They remain one of the most frequented tenants on the property, and we are proud to have partnered with them through all these years.



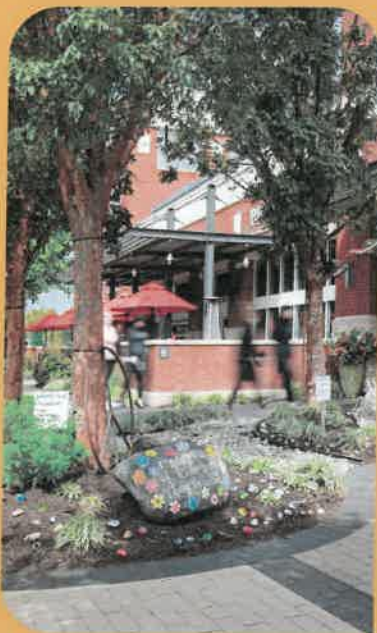
"In 1997 Red Brick Station was the first restaurant to open on THE AVENUE at White Marsh. I could not be prouder of THE AVENUE, and the community that has developed. Federal did not invest in concrete and pretty things. They invested in our community. They, we, have created a main street in a large community that had none."

Bill Blocher, Operating Owner of Red Brick Station

Thoughtful Touches at Every Corner

Kindness Rock Garden

In collaboration with Kindness Rocks of Maryland, the community comes together by painting positive messages on stones, with interactive painting sessions held during My Sunday Market street festivals.



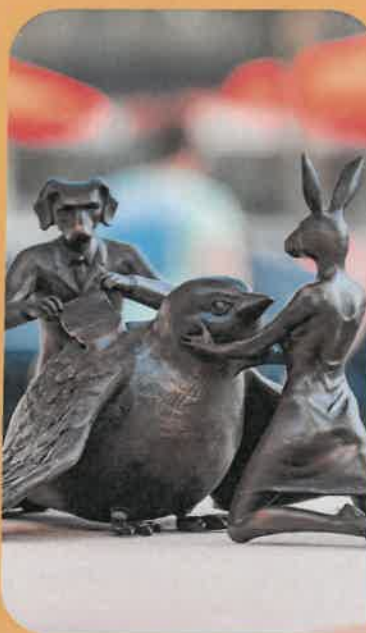
Time Capsule

Marked by a granite plaque, this capsule holds items dating back to 1997, including an original piece of the Titanic film, the inaugural screening at the central theatre.



Art Pieces

Thoughtful art pieces grace the property, touching on themes of kindness, tolerance, and preservation.



Story Walk

To mark a book store's 25th anniversary, the center showcases monthly children's illustrated book displays along its perimeter, encouraging family reading time.



Little Free Library

The library offers a wide selection of donated books for free, provided by local residents who rapidly crowdfunded for its establishment. Since 2019, it has been a cherished spot for visitors.

