



March 14, 2025

The Honorable Vanessa E. Atterbeary, Chair, Ways and Means Committee  
The Honorable Marc Korman, Chair, Environment and Transportation Committee  
Maryland House of Delegates  
6 Bladen Street, Annapolis, MD 21401

**Re: Senate Bill 409 – Economic Development - County or Municipal Corporation Economic Development Authority - Powers and Use of Proceeds**

Dear Chair Atterbeary, Chair Korman, and Members of the Committees,

On behalf of the Maryland Economic Development Corporation (MEDCO), I appreciate the opportunity to provide our position on SB 409. MEDCO submits this letter in **favorable support with amendments**. The requested amendment is to strike all language related to changes in Maryland Economic Development Code § 12-207 found on pages 16-19 of SB 409.

MEDCO fully supports the bill's provisions that authorize political subdivisions to establish redevelopment authorities, as these entities can enhance economic development efforts across Maryland.

However, we have significant concerns regarding the bill's proposed expansion of allowable Tax Increment Financing (TIF) uses. Maryland's TIF framework has developed carefully over decades through a highly deliberative process. This well-established framework has ensured that Maryland TIF bonds remain a strong and predictable investment vehicle, supporting infrastructure projects that directly enhance property values and spur private sector growth.

The proposed amendments will create uncertainty in the established statutory framework, and threaten the ability to issue and market tax-exempt bonds under the TIF Act, adding complexity and cost for the following reasons:

- The expansion of permitted uses for TIF bond proceeds could **disrupt market investor expectations and create unintended costs** to the authorizing jurisdiction in its current form. Currently, the Maryland TIF Act permits the use of TIF proceeds to primarily fund hard infrastructure and site remediation needs (as well as costs of issuance and reserve funds), all of which have a direct correlation to property values within the District. Disrupting the institutional investor perception of the uses of proceeds could have a negative impact on marketability and costs associated with the issuance and servicing of bonds. Maryland has a strong investor base that has an appetite for TIF Bonds because of this correlation and history of successful projects.
- The expanded uses for TIF bond proceeds generally could **complicate and potentially jeopardize federal tax exemption** and create uncertainty that authorized uses could threaten tax exemption, further increasing associated costs to the authorizing jurisdiction and ultimately the taxbase within the district.



- Expanding TIF proceeds to fund non-capital expenses—such as working capital, administrative overhead, and development incentives—risks disrupting the investor confidence that has underpinned Maryland’s stable TIF market. These changes could complicate compliance with federal tax-exempt bond requirements, increase borrowing costs for jurisdictions, and **dilute the connection between TIF investment and property tax growth**.
- Allowing TIF revenues to fund projects outside the designated district could **weaken the financial foundation of TIF-backed bonds**, potentially reducing their marketability and increasing the financial risk to local governments.

These concerns are discussed at greater length in the attached memorandum prepared by expert bond counsel Kimberly J. Min, Esq., of Whiteford, Taylor & Preston L.L.P. and Christopher Sheehan, Managing Director of Public Finance at Mesirow Financial.

MEDCO remains committed to supporting jurisdictions in exploring TIF as a financing tool for economic development. We look forward to working with stakeholders to strengthen outreach efforts and ensure that Maryland communities can effectively leverage TIF financing while preserving the integrity of the program. Thank you for your time and consideration. MEDCO stands ready to answer any questions the committees may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Sadowski".

J. Thomas Sadowski  
Executive Director

**cc: The Honorable Nancy King**