

HB 506 - Transformational Project Financing Progra

Uploaded by: Christa McGee

Position: FAV



House Bill 506 - Economic Development – Transformational Project Financing Program – Establishment

Position - Support

Maryland REALTORS® supports House Bill 506, which creates a new financing tool within the Maryland Economic Development Corporation to help local governments move major redevelopment projects forward.

The bill combines local tax increment style financing with new State revenues generated in an approved development district and sets up a clear process for putting those dollars toward project costs and debt payments. It is designed to help pay for the upfront infrastructure and site work that often stands between a plan on paper and real homes and businesses getting built.

Maryland REALTORS® supports this approach to encourage thoughtful redevelopment. When tied to clear plans, we can unlock new housing supply and mixed-use communities in targeted areas. Many transformational projects stall not because of lack of demand, but because of upfront infrastructure costs that are difficult to finance. Tools that help deliver roads, utilities, and other needed improvements can make it possible to bring new housing inventory to market, which aligns with broader goals of expanding supply and improving affordability through production.

For these reasons, Maryland REALTORS® respectfully requests a favorable report on House Bill 506.

**For more information contact lisa.may@mdrealtor.org
or christa.mcgee@mdrealtor.org**

HB 506 - MoCo_Elrich_FAV (GA 26).pdf

Uploaded by: Marc Elrich

Position: FAV



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

February 24, 2026

TO: The Honorable Kriselda Valderrama
Chair, Economic Matters Committee

FROM: Marc Elrich
County Executive

RE: House Bill 506: *Economic Development – Transformational Project Financing Program – Establishment*
Support

House Bill 506, *Economic Development – Transformational Project Financing Program – Establishment*, creates a new program within the Maryland Economic Development Corporation that would authorize the State to partner with counties and municipalities to develop, redevelop, or revitalize an area designated as a State-supported development district. The bill describes the purpose of the program, which is to support development districts approved by the Maryland Economic Development Corporation as State-supported development districts. This opportunity is created when the governing body of the political subdivision approves a Tax Increment Financing (TIF) plan to pledge its net new property tax revenues attributed to the new project and the State does the same, by pledging net new sales tax and/or income tax revenue to support the issuance of bonds. The legislation details the development district approval process and a system for applying displacement adjustments, among other provisions to operationalize the program.

I strongly support House Bill 506. If enacted, it will unlock development opportunities through infrastructure investment that could be a game changer for the State and its counties, many of which already utilize TIFs as a valuable tool to stimulate economic development. For the first time ever, Montgomery County will be utilizing tax increment financing to build out some of the infrastructure that will allow the Viva White Oak development in the east part of the County to finally move forward. The package will be before the County Council this week for approval. I would welcome State participation in some other similar redevelopment projects that have been on the County's list for a number of years, waiting for the dynamics to change.

Reversing the course of an economy in Maryland that has significantly slowed will not happen overnight. But, enabling the State to participate in worthy projects that have struggled to get off the ground or just require a level of funding that an individual county is not able to support through traditional means or a TIF could make a real difference. House Bill 506 sets the ground rules for that to happen, which is why I urge the Committee to consider the opportunity it presents, and vote the bill out favorably.

cc: Members of the Economic Matters Committee

HB0506 - MTC Testimony.pdf

Uploaded by: Matt Libber

Position: FAV



February 20, 2026

Maryland House Kriselda Valderrama, Chair
Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

RE: HB0506 - Economic Development - Transformational Project Financing Program – Establishment – FAVORABLE SUPPORT

Chair Valderrama and Members of the Committee,

My name is Matt Libber, and I am the Legislative Committee Chair for the Maryland Tourism Coalition (MTC). MTC is a statewide trade association representing businesses and organizations across every sector of Maryland’s tourism industry. Our mission is to support tourism-related enterprises through education, collaboration, and advocacy. Thank you for the opportunity to provide testimony in strong support of **House Bill 506 (2026)**, which establishes the *Transformational Project Financing Program* within the **Maryland Economic Development Corporation**. This legislation represents a strategic investment in Maryland’s communities and economy, and I firmly believe that its implementation will yield **significant benefits for the State’s tourism sector** — one of Maryland’s most valuable economic engines.

1. Promoting Strategic Tourism Infrastructure Investment

HB 506 empowers local jurisdictions to partner with the State and leverage financing tools for catalytic development projects in *State-supported development districts*. While the bill’s language outlines broad economic development objectives, it will directly support the enhancement of **tourism-related infrastructure** — including:

- Cultural and heritage destination improvements
- Waterfront revitalization projects
- Outdoor recreation assets (e.g., trails, parks, waterfront access)
- Visitor-oriented transportation linkages

These types of projects often require complex financing and public-private collaboration to become viable. By enabling targeted state support and structured financing options, **HB 506 helps unlock projects that can draw tourists, extend visitor stays, and amplify local economic impact.**



2. Enhancing Maryland’s Competitive Position in Tourism

Maryland’s tourism industry is already a major economic contributor — attracting millions of visitors who spend billions in the State and support tens of thousands of jobs. Visitor spending generates significant tax revenue and reduces the tax burden for Maryland households.

However, neighboring states are also actively investing in tourism infrastructure and destination marketing. To remain competitive, Maryland needs financial tools that can **attract and accelerate transformational development — particularly in underserved or emerging destination areas**. HB 506 establishes a framework for doing exactly that.

3. Supporting Diverse Tourism Destinations Across Maryland

Tourism is not limited to coastal beaches or major urban centers — it thrives in small towns, rural communities, and historic districts throughout the State. HB 506’s flexible structure allows local governments to propose projects that reflect **unique local assets and tourism markets**, including:

- Historic and heritage sites
- Arts and cultural districts
- Agritourism and eco-tourism destinations
- Transportation and gateway enhancements

When these projects are pursued through a coordinated financing program, they are more likely to move forward, bringing jobs, visitor spending, and enhanced quality of life to communities statewide.

4. Leveraging Public Funds to Stimulate Private Investment

One hallmark of successful tourism infrastructure — whether it’s a downtown festival space, pedestrian boardwalk, or regional trail network — is the ability to attract **private investment alongside public support**. HB 506’s structure, which allows jurisdictions to commit revenue streams and bond proceeds for project use, makes Maryland a more attractive partner for private developers and philanthropy. This multiplier effect amplifies the impact of limited public funding and accelerates project timelines.

5. Aligning with Broader State Economic Goals

HB 506 complements statewide economic development and quality-of-life goals by focusing on **high-impact projects that drive visitation and economic activity**. Tourism spending boosts retail, dining, lodging, transportation, and cultural sectors — all of which benefit from improved development capacity. Moreover, tourism is a major employer, especially for small businesses and seasonal workforces, making investments in tourism infrastructure a benefit for workers across our State.



**MARYLAND
TOURISM
COALITION**

Conclusion

For these reasons — strategic infrastructure investment, enhanced competitiveness, local economic empowerment, private investment leverage, and tourism-based job creation — I urge a **FAVORABLE report on HB 506.**

Thank you for your time and consideration.

Respectfully submitted,

Matt Libber
Legislative Chair
Maryland Tourism Coalition

HB0506-ECM_MACo_SUP.pdf

Uploaded by: Michael Sanderson

Position: FAV



House Bill 506

Economic Development - Transformational Project Financing Program - Establishment

MACo Position: **SUPPORT**

To: Economic Matters and
Ways and Means Committees

Date: February 24, 2026

From: Karrington Anderson & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 506. This bill establishes the Transformational Project Financing Program within the Maryland Economic Development Corporation (MEDCO) to support large, high-impact development projects in areas where a local government has approved a Tax Increment Financing (TIF) plan and pledged local property tax revenues.

A TIF is a public financing tool that allows a county to fund infrastructure improvements, such as roads, utilities, structured parking, and site preparation, by leveraging the future increase in property tax revenues generated by new development. HB 506 builds on this existing locally driven tool by authorizing the State to dedicate net-new State tax revenues attributable to a designated development district to help implement a transformational plan.

HB 506 represents a meaningful partnership model. It layers State revenue-sharing on top of local TIF financing to help close funding gaps for projects that otherwise would not move forward. By bringing net-new State dollars into locally approved districts, the program provides important State participation needed to unlock catalytic projects—particularly those advancing housing, mixed-use development, and smart growth goals.

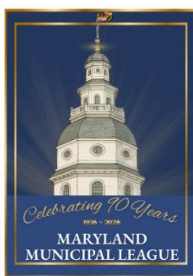
The bill also directs MEDCO to ensure geographic and population diversity in approvals, helping ensure that counties of varying sizes and regions can benefit from the program. By leveraging both local and state resources in a structured and performance-based manner, HB 506 offers a powerful economic development tool to stimulate private investment, expand the tax base, and support infrastructure that benefits communities statewide.

For these reasons, MACo urges a **FAVORABLE** report on HB 506.

MML - HB506 - FWA.pdf

Uploaded by: Justin Fiore

Position: FWA



TESTIMONY

COMMITTEE: House Economic Matters

DATE: February 24, 2026

POSITION: Favorable with Amendments

BILL: HB 506

On behalf of the Maryland Municipal League (MML), representing 161 local governments, we support House Bill 506 with amendments.

MML supports the underlying intent of HB 506 to catalyze revitalization through "Transformational Plans." We recognize the potential for these development districts to breathe new life into underutilized areas. However, as currently drafted, the bill includes a high-risk eligibility requirement that could inadvertently place municipalities in a position of significant financial vulnerability.

The League is specifically concerned with the definition of a "Transformational Plan" under Section (3), which requires that a plan **"is not economically viable without state participation."** While this language aims to ensure state funds target projects that truly need a "gap filler," it creates a dangerous paradox for local governments:

1. **Dependency on Speculative Revenue:** By definition, these projects are economically fragile. If the projected "net-new revenue" does not materialize as expected, the state's financial participation may cease or prove insufficient.
2. **Municipal Liability:** When a project is designated as "not viable" on its own merits, and the subsequent revenue is dependent solely on the project's success, the municipality is left "on the hook" for infrastructure costs and debt service if the development underperforms.
3. **Financial Distress:** This requirement forces municipalities to gamble on high-risk, high-reward projects while potentially ignoring more stable, sustainable investments that simply need a smaller boost to succeed.

MML believes the state's economic development tools should be accessible to a broader range of projects—not just those that are fundamentally non-viable without government intervention.

The League requests an amendment to Section (3) to expand the allowable uses of these funds to include "less-risky" projects. Specifically, we suggest language that allows participation in projects that are already economically sound but require state partnership to accelerate timelines, improve public infrastructure, or increase the overall community benefit (such as affordable housing or green space).

By lowering the "all-or-nothing" risk threshold, the state can support projects with a higher probability of success, thereby protecting the credit ratings and fiscal health of Maryland's cities and towns.

MML stands ready to work with the sponsor and committee to refine this definition. With the adoption of amendments to allow for more stable, diverse project types, the Maryland Municipal League would urge a **favorable report** on House Bill 506.

For more information relating to this piece of testimony, please contact:

Justin Fiore: Director, Advocacy and Public Policy, justinf@mdmunicipal.org

HB 506 - STO Testimony.pdf

Uploaded by: Dereck Davis

Position: INFO



Dereck E. Davis
State Treasurer

Jonathan D. Martin
Chief Deputy Treasurer

Informational Testimony of the Maryland State Treasurer's Office

House Bill 506: Procurement – Economic Development – Transformational Project Financing Program – Establishment

House Economic Matters & Ways and Means Committees

February 24, 2026

The State Treasurer's Office (STO) appreciates the opportunity to provide information regarding House Bill 506 for the Committees' consideration. Given that the bill establishes a new type of debt that is backed by State income tax revenue, the new debt would likely be considered State debt and may even be considered constitutional debt. In addition, House Bill 506 provides limited State oversight and control over how much debt would be issued and how the money would be spent. It is a policy decision for the General Assembly whether this new type of debt should potentially impact the State's debt profile in this manner.

Impact on the State's Debt

Any debt that is supported by State tax revenues has the potential to add to the State's debt profile, impact affordability ratios, and limit the State's ability to fund the other, more traditional parts of the capital program. Examples of these important capital projects that could be impacted include the Maryland Department of Transportation's needs, capital grants, school construction, and State facilities and infrastructure. The potential impact on State debt arises regardless of which agency or entity issues the debt.

Although House Bill 506 would have the Maryland Economic Development Corporation (MEDCO) serve as the issuer of debt, the pledge of State income tax revenue to back any debt issued would likely result in a determination that the debt is State debt. This is because, while the State's full faith and credit is not being directly pledged, the pledge of State taxes indirectly pledges the State's full faith and credit. The debt may even be considered constitutional debt because of this nexus.

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The new type of debt proposed under the bill also presents higher risk than what is traditionally included in the State's credit portfolio. If the new debt were to receive a lower bond rating or negatively impact the State's credit, the cost of the State's other debt transactions could increase.

Limitations on State Control of Transactions

The bill does not appear to provide a mechanism for State entities such as the Board of Public Works, Capital Debt Affordability Committee, or STO to provide insight into how much debt would be issued and how the money would be spent. MEDCO, a quasi-corporate State entity, would have broad ability to issue debt and pledge State tax dollars absent the traditional approval and oversight safeguards. With MEDCO serving as a conduit issuer, the State would have little control in determining the sufficiency of the revenue stream or verifying that the bonds are actually paid.

With the enhanced link of the State's credit profile to other issuers, it is becoming increasingly important for STO to be apprised of and involved in debt activity that goes beyond the traditional General Obligation bond program or other traditional CDAC reporting components. Any legislation, such as House Bill 506, that grants another entity the ability to issue bonds supported by State tax revenues must include specific guidelines for notifying STO early in the planning process. This type of notice is necessary to assess both the impact on the State's debt and the requisite level of support needed by STO.

Treasurer Davis and STO hope that this information is useful as the Committees consider House Bill 506. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.

2026 MEDCO LOI HB506 Economic Matters.pdf

Uploaded by: J. Thomas Sadowski Jr.

Position: INFO



February 20, 2026

The Honorable Kriselda Valderrama,
Chair Economic Matters
230 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Information – HB 506 – Economic Development – Transformational Project Financing Program – Establishment

Dear Chair Valderrama and Members of the Committee:

The Maryland Economic Development Corporation (MEDCO) submits this Letter of Information in reference to House Bill 506, which is intended to establish the Transformational Project Financing Program in MEDCO to designate certain development districts as State-supported development districts providing for the eligibility and calculation of State revenue contributions into the districts.

MEDCO was established 40 years ago by the Maryland General Assembly to advance the State’s strategic economic development objectives. Since then, we have issued nearly \$9 billion in revenue bonds to support projects ranging from health laboratories and energy facilities to rail spurs, parking structures, student housing, SCIF facilities, and critical infrastructure for federal installations and the Port of Baltimore. FY 2026 was one of our strongest years, with more than \$1 billion in revenue bond financing generating over \$520 million in equity impact statewide. Our partnerships across the state have expanded significantly, contributing to a project pipeline now exceeding \$11 billion in prospective investment.

There are a few areas of interest that we would like to highlight regarding the structure, clarity, and practical functionality of HB506 - the Transformational Project Financing Program as outlined below.

The Revenue Formula Is Undefined

The bill does not define key terms such as “net-new” revenues and “attributable,” making it difficult to determine which revenues could reliably be pledged. Instead, the Comptroller is directed to certify “net-new State revenue attributable to” a district without statutory guidance on how that calculation should be performed. This lack of definition leaves a central component of the financing structure dependent on administrative discretion rather than clear legislative standards. For example, the bill does not address whether income tax should be sourced based on place of residence or employment, how revenues from multi-location retailers should be apportioned, how the baseline “net-new” revenue should be established, or how double-counting across districts would be avoided.

Uncertainty Regarding Revenue Availability for Payment

The bill permits core revenue assumptions to be altered after bonds have been issued, without safeguards to protect the amounts bondholders expect to be available for repayment. This could

compromise debt-service coverage and expose the State to claims of impairment under constitutional contract protections. The bill also requires “minimum displacement adjustments” to account for economic activity that may have occurred elsewhere in Maryland; although the bill initially sets percentages, it authorizes the Comptroller to revise those percentages at least every two years based on market conditions and empirical data. This introduces uncertainty regarding both annual revenue flows and long-term bond repayment. In addition, the statute lacks commonly used protective measures, such as a freeze-in-place rule for outstanding bonds, a prohibition on retroactive adjustments, or a non-impairment covenant.

The Commitment to Transfer State Revenues is Unlimited and Unrecoverable

Under the bill, once the Comptroller certifies the revenue amounts, *all* such revenues must be transferred to the fund, without regard to what is actually needed for debt service. There is no mechanism to return unused funds to the State—either annually after debt service is paid or upon the full retirement of the bonds. This contrasts with traditional TIF structures, where local special-fund proceeds may revert to the general fund after obligations have been met, or remain available to support additional improvements.

Restrictions on Transfer Are Not Practical or Commercially Viable

The bill’s transfer restrictions could create challenges for both property owners and project sponsors. Development districts may include numerous developers or a single developer with multiple parcels, yet the bill does not clarify whether the restrictions remain in place only through project completion or for a longer period. Further, there is no standard for assessing the financial capacity of a prospective transferee, which is essential for evaluating whether a transfer should be approved. These uncertainties could diminish property value and hinder a sponsoring developer’s ability to exit the project in a commercially reasonable manner.

House Bill 1580, is MEDCO’s Departmental bill. We believe HB1580 provides a clearer and more commercially viable framework for enhanced tax-increment financing through the creation of Maryland Enhanced TIF Districts. The bill authorizes MEDCO to issue bonds for major development projects and permits the State—upon MEDCO’s recommendation—to pledge incremental sales and income tax revenues to support these financings. It is our belief that this structure offers a more reliable statutory mechanism for leveraging State revenues. MEDCO supports ongoing collaboration with the sponsors of HB 506 to advance shared development objectives while mitigating fiscal, legal, and capital-market risks.

Thank you for your consideration of this matter. Although complex, these issues are vital to Maryland’s economic development future and to the many projects that MEDCO and our partners are striving to advance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Sadowski", written over a horizontal line.

J. Thomas Sadowski
CEO/Executive Director