

## **Testimony of Otis Rolley**

President and CEO, Baltimore Development Corporation  
Before the Senate Finance Committee

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### **In Support of Senate Bill 455**

Transformational Project Financing Program

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Good afternoon, Chair Guzzone and distinguished members of the Committee. My name is Otis Rolley, and I serve as President and CEO of the Baltimore Development Corporation, Baltimore's economic development agency. I am here today in strong support of Senate Bill 455.

Let me be direct about what Baltimore is facing. Our downtown has experienced more than \$647 million in assessed property value losses. The commercial real estate market that once anchored our tax base is in crisis. Traditional local Tax Increment Financing, while valuable, simply cannot close the financing gaps required for the scale of redevelopment our city needs. SB 455 changes that calculus in a fundamental way.

This bill creates something Maryland has never had: a mechanism for the State to invest its own net-new revenues—income taxes, sales taxes, and other state revenues generated by transformational projects—back into the districts that create them. It is not a giveaway. It is not a pledge of the State's full faith and credit. It is a disciplined, fiscally responsible tool that says: when a development project generates genuinely new economic activity for Maryland, a share of that new revenue should be reinvested to make the project viable.

For Baltimore specifically, this bill is critical for three reasons. First, it layers state revenue capture on top of local property tax increment, creating the combined financing power needed for truly transformational projects—the kind that bring new residents, new employers, and new commercial activity downtown. Second, the Priority Area exemptions from displacement adjustments recognize that investment in sustainable communities, transit-oriented developments, enterprise zones, and arts districts represents genuinely new economic activity, not relocation from elsewhere in the state. Baltimore's development districts fall squarely within these designations. Third, the expanded allowable uses for bond proceeds—including rehabilitation of privately owned buildings—address Baltimore's specific reality. Our challenge is not greenfield development; it is breathing new life into aging commercial buildings that need substantial capital to be competitive.

The bill's displacement adjustments are intellectually honest and well-calibrated. The framework acknowledges that retail activity is more likely to be relocated from elsewhere in the state than industrial or tourism uses. That kind of rigor gives the bond market confidence and protects the State's fiscal position.

I do, however, want to flag several areas where I believe this Committee could strengthen the legislation.

First, regarding geographic equity. Section 12-2A-03(D) requires MEDCO to ensure meaningful participation by political subdivisions of varied population size and geographic location. While I understand the intent, I would urge the Committee to consider clarifying that approval decisions should be based primarily on the quality and fiscal merit of applications, with geographic diversity as a secondary consideration—not a binding constraint. Baltimore's projects should not be disadvantaged simply because our city submits strong applications. An amendment clarifying that project quality and net fiscal benefit to the State are the primary approval criteria would strengthen the bill without undermining geographic inclusivity.

Second, regarding the Comptroller's discretion. The bill gives the Comptroller significant authority to certify net-new revenues, designate additional attributable taxes, and revise displacement percentages every two years. That flexibility is appropriate, but I would recommend the Committee consider adding a requirement for published methodology and advance notice before displacement percentages are revised. Developers and bond investors need predictability. An amendment requiring the Comptroller to publish proposed changes and provide a 90-day public comment period before adjusting displacement rates would balance flexibility with the certainty needed to attract private capital.

Third, regarding the July 1, 2031 deadline. The requirement that development districts be formed before this date is reasonable for creating urgency, but transformational projects often take years to assemble. I would ask the Committee to consider either extending that window to 2033 or including a provision allowing MEDCO to grant extensions for projects that have demonstrated substantial progress toward formation. We do not want a good project to miss the window because of factors outside a municipality's control.

Finally, regarding cross-collateralization. The prohibition in Section 12-2A-06(B) ensures fiscal discipline, and I support it. However, I would ask the Committee to consider whether a narrow exception might be warranted for contiguous districts within a single municipality that are part of an integrated development plan. Baltimore's

downtown revitalization, for example, may involve multiple adjacent districts that function as a single economic ecosystem. Allowing limited cross-support among contiguous, integrated districts—with MEDCO approval—could strengthen the overall financing structure without compromising fiscal integrity.

In closing, SB 455 represents the kind of state-local partnership that Baltimore needs. It complements the work we are already doing through the Baltimore Together comprehensive economic development strategy and our Downtown RISE PILOT initiative. With the refinements I have described, this bill can become a national model for how states invest alongside their cities to drive inclusive economic growth. I urge a favorable report. Thank you.