



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

February 17, 2026

TO: The Honorable Pamela Beidle
Chair, Finance Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 389, *Land Use – Transit-Oriented Development – Alterations
(Maryland Transit and Housing Opportunity Act)*
Support with Amendments

I am writing to express my support for Senate Bill 389, *Land Use – Transit Oriented Development – Alterations (Maryland Transit and Housing Opportunity Act)*, with amendments that preserve local authority in two areas. The bill confers certain land use benefits and development incentives for land close to rail stations with at least hourly train service on weekdays. More specifically, the bill encourages mixed-use and residential development near transit and furthers the Administration’s goal of increasing Transit Oriented Development (TOD), a category of economic development and housing production that minimizes demand on roadways and may reduce overall housing and transportation costs for residents.

I support the Administration’s desire to create more tools to promote housing production and TOD by removing some barriers to development near transit. In Montgomery County, the bill would apply to Metrorail stations and Purple Line stations but not to MARC Commuter Rail stations, as no MARC stations in the County have hourly service. Through local legislation enacted in 2024, the County has already eliminated parking minimums near rail transit to support our own TOD goals. Local developers supported the passage of this zoning text amendment to reduce their costs of development near transit. Our local zoning code already supports residential density and mixed-used development near transit. The bill has the potential to attract TOD to State-owned land near Metrorail, which is aligned with our priorities for locating future development near transit.

While we have adopted local land use policies in the County to support TOD, we are also supportive of the benefits this bill would confer on the County by encouraging more TOD near

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MARC stations in Central Maryland and in the Capital Region. Some of those developments would benefit the County by bringing new residents and businesses that could then access the County via MARC connections to Metrorail, Purple Line, and bus connections. Further, we support more examples of TOD in the State because it is a great way to encourage growth that uses existing transit capacity. This reduces congestion on our roadways, reduces the need for roadway expansion projects, and reduces greenhouse gas emissions from transportation. Diverse TOD areas elsewhere in Maryland can attract similar development to the County and provide a visible model for our residents and businesses to invest in TOD here in Montgomery County. Finally, residential TOD increases housing availability broadly in the region, which can increase affordability by providing more supply and, in the case of TOD, reducing transportation costs by allowing families to live car-free or car-lite lifestyles.

However, it is important to amend the part of the bill that relates to collection of impact taxes/fees on mixed-used development projects located in a State-approved TOD. Under County law, impact taxes/fees must be paid before a final inspection can be carried out by the Department of Permitting Services, effectively placing the payment deadline at the end of the construction project rather than near the beginning. Senate Bill 389 prohibits a local government from collecting impact taxes/fees until all requirements of a certificate of occupancy have been met. It is important for the County to retain authority to set the date of final inspection as the deadline for payment of impact taxes/fees. Collecting the taxes/fees at this stage ensures a standardized, one-time point in the process when the building is truly complete and ready for occupancy. Some projects involve multiple use and occupancy stages that can occur piecemeal and vary by zone or use. In contrast, the final inspection date for a project is an unequivocally discrete stage in the process and universally required before a certificate of occupancy is issued. This approach removes confusion and administrative burden because there is no ambiguity about which use and occupancy triggered the payment deadline; and avoids the need for oversight of payments or addressing missed payments after the final inspection stage. Final inspection is the most logical and effective trigger for collecting impact taxes/fees because it confirms full compliance with all building regulations. Tying collection to final inspection ensures fairness, transparency, and timely revenue for local infrastructure and community needs.

It is also important to amend the part of the bill that creates an automatic Enterprise Zone designation for property located in a State-approved TOD area to make it clear that any local property tax benefits associated with that designation are contingent on local government approval of the benefits. This would make the bill consistent with the State's current Enterprise Zone law, under which a local government must affirmatively choose to apply for designation of a certain area as an Enterprise Zone.

I respectfully request that the Senate Finance Committee vote favorably on Senate Bill 389 with the two amendments requested above.

ME/KB

cc: Members of the Finance Committee,