

SB 455 - Transformational Project Financing Progra

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Position: FAV



Senate Bill 455 - Economic Development – Transformational Project Financing Program – Establishment

Position - Support

Maryland REALTORS® supports Senate Bill 455, 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 Senate Bill 455.

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

SB0455-FIN_MACo_SUP.pdf

Uploaded by: Karrington Anderson

Position: FAV



Senate Bill 455

Economic Development - Transformational Project Financing Program - Establishment

MACo Position: **SUPPORT**

To: Finance Committee

Date: March 5, 2026

From: Karrington Anderson

The Maryland Association of Counties (MACo) **SUPPORTS** SB 455. 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. SB 455 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.

SB 455 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, SB 455 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 SB 455.

SB 455 - MoCo_Elrich_FAV (GA 26).pdf

Uploaded by: Marc Elrich

Position: FAV



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 5, 2026

TO: The Honorable Pamela Beidle
Chair, Finance Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 455: *Economic Development – Transformational Project Financing Program – Establishment*
Support

Senate Bill 455, *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 Senate Bill 455. 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. Senate Bill 455 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 Finance Committee

SB0455 - MTC Testimony.pdf

Uploaded by: Matt Libber

Position: FAV



March 2, 2026

The Honorable Pam Beidle
Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB0455 - Economic Development - Transformational Project Financing Program – Establishment – FAVORABLE SUPPORT

Chair Beidle 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 **Senate Bill 455**, 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

Senate Bill 455 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, **SB 455 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. SB 455’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**. SB 455’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

SB 455 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 SB 455**.

Thank you for your time and consideration.

Respectfully submitted,

Matt Libber
Legislative Chair
Maryland Tourism Coalition

SB0455-FIN-SUPP.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB0455

March 5, 2026

TO: Members of the Senate Finance Committee

FROM: Nina Themelis, Director, Mayor's Office of Government Relations

RE: Senate Bill 455 – Economic Development - Transformational Project Financing Program - Establishment

POSITION: FAVORABLE

Chair Beidle, Vice Chair Hayes, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** SB 455.

SB 455 would establish the Transformational Project Financing Program in the Maryland Economic Development Corporation to designate certain development districts as State-supported development districts; authorize a governing body of a political subdivision to apply to the Corporation for approval as a State-supported development district; require the Corporation to publish at least annually a summary of approved State-supported development districts; provide for the eligibility for and calculation of certain State revenue; etc.

Baltimore City is the largest city in the state and historically has been a huge economic driver for the rest of the state; this has especially been true of the downtown area specifically. With the advent of remote work, commercial real estate devaluation, and decades of disinvestment in key areas, an economic challenge has grown to a size that local tools alone cannot address. Downtown Baltimore has experienced more than \$647 million in assessed property value losses; this affects state revenue as a whole.

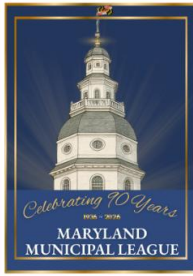
For Baltimore, this legislation provides the structure needed to address the entrenched factors that have contributed to this issue. It layers state revenue capture on top of local property tax increment, it recognizes that investment in sustainable communities, transit-oriented developments, enterprise zones, and arts districts, means new economic activity by way of the priority area designation. Lastly, the expanded allowable uses for bond proceeds—will help revitalize aging commercial buildings that need substantial capital to be competitive.

As such, the BCA respectfully requests a **favorable** report on SB 455.

MML - SB455 - FWA.pdf

Uploaded by: Justin Fiore

Position: FWA



TESTIMONY

COMMITTEE: Senate Finance

DATE: March 5, 2026

POSITION: Favorable with Amendments

BILL: SB 455

On behalf of the Maryland Municipal League (MML), representing 161 local governments, we support House Bill 455 with amendments.

MML supports the underlying intent of HB 455 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 455.

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

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

SB455 Testimony Rolley.pdf

Uploaded by: Otis Rolley

Position: FWA

Testimony of Otis Rolley

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

March 5, 2026

In Support of Senate Bill 455

Transformational Project Financing Program

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.

SB455 Written Testimony Rolley.pdf

Uploaded by: Otis Rolley

Position: FWA

WRITTEN TESTIMONY

Otis Rolley

President and CEO, Baltimore Development Corporation

On behalf of the Baltimore Development Corporation

Before the Senate Finance Committee

March 5, 2026

Senate Bill 455

*Economic Development — Transformational Project Financing Program —
Establishment*

POSITION: FAVORABLE WITH AMENDMENTS

I. Introduction

Chair Guzzone, Vice Chair Klausmeier, and distinguished members of the Senate Finance Committee, thank you for the opportunity to submit written testimony on Senate Bill 455. My name is Otis Rolley, and I serve as President and CEO of the Baltimore Development Corporation (BDC), Baltimore’s economic development agency. BDC is the entity responsible for attracting and retaining businesses, supporting small and minority-owned enterprises, managing the City’s portfolio of development incentives, and implementing the comprehensive economic development strategy for Baltimore City.

I submit this testimony in **strong support** of SB 455, with recommendations for targeted amendments that would strengthen the bill’s effectiveness for Baltimore and jurisdictions across the state. This written testimony supplements my oral remarks and provides additional detail on the bill’s significance, its alignment with Baltimore’s economic development strategy, and proposed refinements for the Committee’s consideration.

II. Baltimore’s Economic Context: The Case for State Partnership

Baltimore City is at a critical inflection point. The convergence of remote work, commercial real estate devaluation, and decades of disinvestment in key corridors has produced an economic development challenge that local tools alone cannot solve.

The scale of the challenge is significant. Downtown Baltimore has experienced more than \$647 million in assessed property value losses.¹ This is not merely a Baltimore problem—it is a state revenue problem. As property values decline, the income tax, sales tax, and business tax revenues that the State collects from economic activity in these districts decline with them. The fiscal interdependence between Baltimore’s economic health and the State’s revenue base is well-documented and undeniable.

Baltimore’s population of historically underserved communities—who comprise 62% of our residents but account for only 12% of business revenue²—stands to benefit most from the kind of transformational, mixed-use development that SB 455 is designed to catalyze. Through our Baltimore Together comprehensive economic development strategy,³ BDC has established an equity-centered framework for inclusive growth. SB 455 provides a critical financing tool to advance that vision.

Traditional local Tax Increment Financing has been an important tool for Baltimore, but it has inherent limitations. Local TIF captures only the property tax increment—a single revenue stream that, in a declining assessment environment,⁴ may be insufficient to support the scale of investment required. SB 455 addresses this structural gap by adding a complementary state revenue stream, creating the layered financing needed to make transformational projects economically viable.

III. Analysis of Senate Bill 455

A. Core Mechanism and Fiscal Discipline

SB 455 establishes the Transformational Project Financing Program within the Maryland Economic Development Corporation (MEDCO), authorizing the capture of net-new state revenues—income tax, sales and use tax, and other designated state taxes—generated within approved State-supported development districts. These revenues are deposited into a Transformational Project Financing Fund and disbursed to trustee-held project trust accounts to pay debt service on bonds, replenish reserves, and reimburse approved project costs.

Critically, the bill includes robust fiscal safeguards. Disbursements are limited to net-new state revenues after displacement adjustments, capped at 30 years, and explicitly do not constitute a pledge of the State’s full faith and credit. Independent third-party

¹CoStar Group, Baltimore Metro Office Market Report, Q4 2025. Downtown Baltimore office vacancy exceeded 27% by late 2025, with assessed values declining across multiple assessment cycles.

²U.S. Census Bureau, Annual Business Survey; Baltimore City Department of Finance analysis.

³Baltimore Together: A Comprehensive Economic Development Strategy for Baltimore City, adopted 2025.

⁴Maryland Department of Assessments and Taxation, Baltimore City reassessment data, 2023–2025 cycles.

fiscal analysis is required for larger projects, and the Comptroller must certify that each district produces a positive net fiscal benefit to the State. This is not speculative spending; it is performance-based reinvestment tied to demonstrated economic activity.

B. Priority Area Exemptions: A Structural Advantage for Equitable Development

One of the bill’s most significant features is the exemption of Priority Areas from displacement adjustments under § 12–2A–05(D). Priority Areas include sustainable communities, transit-oriented developments, enterprise zones, arts and entertainment districts, Main Street communities, and priority funding areas. Baltimore’s development districts fall overwhelmingly within these designations.⁵

This exemption is both economically sound and equitable. Development in these areas—many of which have experienced sustained disinvestment—is far more likely to represent genuinely new economic activity than relocation from elsewhere in the state. The exemption correctly recognizes this reality and ensures that the full value of state revenue capture is available where it is most needed and where the “but-for” case is strongest.

The additional exemption for affordable housing components from displacement adjustments further aligns the bill with inclusive development principles. For Baltimore, where affordable housing production is essential to retaining working families and preventing displacement, this provision ensures that mixed-income transformational projects are not penalized for including affordability.

C. Expanded Bond Proceeds Uses

Under § 12–2A–06(A), bond proceeds for a State-supported development district may be used for the construction, rehabilitation, or expansion of privately owned buildings. This represents a meaningful expansion beyond traditional TIF, which is generally limited to public infrastructure and site improvements.

For Baltimore, this provision is essential. Our transformational challenge is not primarily greenfield development on vacant land. It is the adaptive reuse and substantial rehabilitation of aging commercial buildings—office towers that need to be converted to mixed-use, historic structures that require capital-intensive renovation, and industrial buildings that can become innovation spaces. The ability to use bond proceeds for private building rehabilitation closes a critical gap in the current financing toolkit.

⁵Maryland Department of Planning, Priority Funding Area designations; Maryland Department of Housing and Community Development, Sustainable Communities and Enterprise Zone registries.

D. Baltimore City Charter Integration

The bill directly amends Article II, § 62 of the Charter of Baltimore City to integrate the State-supported development district framework into Baltimore’s existing TIF authority. This is significant because it eliminates potential legal ambiguity and ensures that Baltimore can use this new tool without additional local legislative action. The Committee’s attention to this detail reflects a sophisticated understanding of Baltimore’s unique governance structure and is appreciated.

E. National Context

Maryland would not be the first state to adopt a state-level TIF mechanism. Several states, including Minnesota, Illinois, Ohio, and Missouri, have implemented programs that dedicate state revenues to support local development districts.⁶ SB 455 builds on these models while incorporating stronger fiscal protections—particularly the displacement adjustment framework and independent fiscal analysis requirements—that position Maryland’s program as among the most disciplined in the nation.

IV. Recommended Amendments

While BDC strongly supports SB 455, I respectfully recommend four targeted amendments that would strengthen the bill’s effectiveness without altering its core structure or fiscal discipline.

Amendment 1: Clarify Merit-Based Approval Criteria (§ 12–2A–03(D))

Current language: Section 12–2A–03(D) requires MEDCO to ensure that State-supported development districts “are approved in a manner that provides meaningful participation by political subdivisions of varied population size and geographic location across the State while accounting for the number and quality of the applications received.”

Concern: As drafted, the geographic equity provision could be interpreted as a de facto quota system that limits the number of projects approved in any single jurisdiction, regardless of their fiscal merit. Baltimore, as the state’s largest independent city and the jurisdiction with among the greatest need for this tool, could be disadvantaged if MEDCO interprets this provision as requiring geographic distribution at the expense of project quality.

⁶See, e.g., Minnesota’s Tax Increment Financing statute, Minn. Stat. § 469.174–469.1794, which permits state revenue participation in certain designated districts; and similar programs in Illinois, Ohio, and Missouri.

Recommended amendment: Revise § 12–2A–03(D) to read: “In administering approvals, the Corporation shall ensure that approval decisions are based primarily on the quality of the transformational plan, the net fiscal benefit to the State, and the demonstrated need for State participation, while encouraging meaningful participation by political subdivisions of varied population size and geographic location across the State.” This language preserves the geographic diversity aspiration while establishing clear primacy for merit-based criteria.

Amendment 2: Require Transparency in Displacement Adjustment Revisions (§ 12–2A–05(C))

Current language: Section 12–2A–05(C) authorizes the Comptroller to evaluate displacement adjustment percentages at least every two years and, based on market conditions and empirical data, to use different percentages than those established in the statute.

Concern: The bond market requires predictability. If displacement percentages can change significantly without advance notice, bond investors will price in additional risk, increasing the cost of capital for every State-supported development district in Maryland. Developers making multi-year capital commitments based on projected revenue streams need reasonable assurance that the rules will not change retroactively or without opportunity for input.

Recommended amendment: Add new subsection 12–2A–05(C)(3) requiring the Comptroller to: (i) publish proposed changes to displacement adjustment percentages in the Maryland Register at least 90 days before they take effect; (ii) accept and consider public comment for a period of not less than 60 days; (iii) publish a written explanation of the basis for any revised percentages; and (iv) apply revised percentages only prospectively to new applications, not to previously approved districts. This amendment preserves the Comptroller’s analytical flexibility while providing the transparency and stability that capital markets require.

Amendment 3: Extend or Add Flexibility to the Formation Deadline (§ 12–2A–03(A)(1))

Current language: Section 12–2A–03(A)(1) requires that a development district be formed and a TIF plan approved before July 1, 2031.

Concern: Transformational projects of the scale contemplated by this bill often require extended predevelopment periods—land assembly, environmental remediation, community engagement, infrastructure planning, and complex financing negotiations. A project that begins the development district formation process in 2029 may not

complete it by July 2031 due to factors entirely outside the municipality’s control. The deadline creates appropriate urgency, but rigidity could exclude worthy projects.

Recommended amendment: Either extend the deadline to July 1, 2033, or add a provision authorizing MEDCO to grant extensions of up to 24 months for applicants that demonstrate substantial progress toward district formation, including evidence of community engagement, preliminary fiscal analysis, and developer commitment. An extension provision is preferable to a blanket deadline extension because it maintains urgency while accommodating real-world project development timelines.

Amendment 4: Narrow Exception to Cross-Collateralization Prohibition (§ 12–2A–06(B))

Current language: Section 12–2A–06(B) prohibits revenues and reserves for a State-supported development district from being used for any other district or transformational plan, and prohibits cross-collateralization among transformational plans.

Concern: This prohibition is sound fiscal policy for standalone districts. However, large-scale urban revitalization often involves multiple contiguous development districts that function as a single economic ecosystem. Baltimore’s downtown, for example, could involve adjacent districts covering different blocks or corridors that are components of an integrated revitalization strategy. Prohibiting any cross-support among these districts could force suboptimal financing structures and undermine the integrated approach that would produce the greatest net fiscal benefit to the State.

Recommended amendment: Add an exception to § 12–2A–06(B) permitting limited cross-support among contiguous State-supported development districts within a single political subdivision, subject to the following conditions: (i) the districts are part of a single integrated development plan approved by MEDCO; (ii) the combined districts demonstrate a positive net fiscal benefit to the State after displacement adjustments; (iii) cross-support is limited to surplus revenues after all primary obligations of the supporting district are met; and (iv) MEDCO provides written approval for each instance of cross-support. This narrow exception preserves fiscal discipline while enabling the integrated financing structures that complex urban revitalization requires.

V. Alignment with Baltimore’s Economic Development Strategy

SB 455 is directly aligned with BDC’s current strategic priorities and ongoing initiatives.

The **Baltimore Together** comprehensive economic development strategy, adopted in 2025, establishes an equity-centered framework for inclusive economic growth. Its core

premise is that Baltimore’s economic development must produce broad-based prosperity—not just aggregate growth figures, but measurable improvements in business ownership, workforce participation, and wealth-building among historically underserved communities. SB 455’s Priority Area exemptions and affordable housing provisions are structurally aligned with this vision.

The **Downtown RISE PILOT** initiative, which BDC has been advancing through the legislative process, addresses the acute commercial real estate crisis in downtown Baltimore. SB 455 complements the RISE PILOT by providing an additional financing mechanism for the transformational redevelopment projects that the PILOT is designed to incentivize. Together, these tools create a comprehensive package: the PILOT reduces holding costs to encourage redevelopment, while SB 455 provides the capital needed to execute it.

BDC’s **organizational transformation**—including the restructuring of our leadership team and the establishment of new operational capacity—positions us to be a sophisticated, high-performing applicant under the Program. We are building the institutional capacity to develop rigorous transformational plans, manage complex TIF districts, and work effectively with MEDCO through the application and approval process.

VI. Conclusion

Senate Bill 455 represents an important evolution in Maryland’s economic development toolkit. It recognizes that the State and its political subdivisions share a fiscal interest in catalytic development, and it creates a disciplined, performance-based mechanism for the State to invest alongside local governments in projects that generate net-new economic activity.

For Baltimore City, SB 455 is not merely helpful—it is essential. The scale of our commercial real estate challenge, the depth of our commitment to inclusive economic growth, and the urgency of our downtown revitalization effort all demand a financing tool of this caliber. With the targeted amendments I have outlined, this bill can become a national model for how states partner with their cities to drive equitable, fiscally responsible economic development.

On behalf of the Baltimore Development Corporation, I respectfully urge a **favorable report on Senate Bill 455 with the recommended amendments.**

Thank you for your consideration. I welcome any questions from the Committee.

Contact Information

Otis Rolley, President and CEO

Baltimore Development Corporation

36 South Charles Street, Suite 1600, Baltimore, MD 21201

SB 455 - 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

Senate Bill 455: Procurement – Economic Development – Transformational Project Financing Program – Establishment

Senate Finance Committee

March 5, 2026

The State Treasurer's Office (STO) appreciates the opportunity to provide information regarding Senate Bill 455 for the Committee's 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, Senate Bill 455 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 Senate Bill 455 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 Senate Bill 455, 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 Committee considers Senate Bill 455. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.

2026 MEDCO LOI SB 455 Finance.pdf

Uploaded by: J. Thomas Sadowski Jr.

Position: INFO



March 3, 2026

The Honorable Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Letter of Information – SB 455 – Economic Development – Transformational Project Financing Program – Establishment

Dear Chair Beidle and Members of the Committee:

The Maryland Economic Development Corporation (MEDCO) submits this Letter of Information in reference to Senate Bill 455, 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 SB 455 - 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 SB 455 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".

J. Thomas Sadowski
CEO/Executive Director