

ORAL TESTIMONY OF JONATHAN M. GENN
COUNTY COUNCIL PUBLIC HEARING – Sept 15, 2020 (7:30pm)
Four Agenda Items: (1) 2020-2024 SSP; Bills (2) 37-20; (3) 38-20; (4) 39-20
Oral Testimony applies to 4 Agenda Items, and thus will be limited to no more than 5 minutes

President Katz, Vice-President Hucker, Distinguished Councilmembers, Good Evening. I'm Jonathan Genn, testifying on behalf of Global LifeSci Development Corporation and *in support* of most of the substantive recommendations presented in the Planning Board Draft relating to the 2020 SSP and Bills 37-20, 38-20, and 39-20.

First, the Planning Board and Planning Staff should be commended for their incredibly comprehensive, data-driven, and context-sensitive analyses, which laid the foundation for the Planning Board's laudable and innovative set of recommendations.

In advance of your scheduled work sessions, I plan to submit tomorrow more detailed written testimony to supplement this evening's oral testimony. As will be more fully analyzed in that written testimony, the Planning Board's recommendations go a long way toward mitigating the three most fundamental flaws of the existing SSP and associated Impact Taxes:

1. They are the most egregious form of *regressive taxation* possible.
2. They perpetuate and exacerbate the *barriers to the County's seeking its Racial Equality and Social Justice goals*.
3. They *thwart the County's "Thrive Montgomery 2050"* goals, especially in the historically economically disadvantaged communities in the County.

To mitigate these existing flaws, the Planning Board Draft includes the simplest, yet most impactful and easiest-to-implement policy recommendation. Specifically, the Planning Board not only recommended retaining the exemption from transportation and school Impact Taxes for current and former Enterprise Zones; but also --- for the very same Racial Equality and Social Justice policy reasons --- the Planning Board wisely and unanimously recommended including those same set of Impact Tax exemptions for **U.S. Treasury certified “Qualified Opportunity Zones”** that are located in the County. (See, Recommendation 6.6 on page 95 of Planning Board Draft of the 2020-2024 County Growth Policy).

In many ways, exempting Qualified Opportunity Zones from Impact Taxes can be even more strategic for the County than exempting Enterprise Zones, because unlike Enterprise Zones, the federal government will be effectively an additional major “co-investor” in the Qualified Opportunity Zones located in the County, through the federal government’s very substantial Qualified Opportunity Zone tax incentive program, which Congress enacted at the end of 2017. This federal program, therefore, did not exist at the time of the Council’s last quadrennial review and adoption of the 2016 SSP.

Furthermore, the State of Maryland has enacted additional layers of state tax incentives uniquely applicable to the Qualified Opportunity Zones located in the State (including those in Montgomery County). As a result (and depending on the success of a particular Qualified Opportunity Zone community development) for each \$1 of “paper investment” the County makes (in the form of an exemption from Impact Taxes), the County could be unlocking as much as \$10 or even significantly more in multiple federal and state “co-investments” in these Qualified Opportunity Zones located in the County (without the Council having to appropriate a single \$1

of actual County funds). This would also allow concurrently the County to access, leverage, and multiply these federal and state “co-investments” into the County’s associated Racial Equality and Social Justice initiatives, as they relate to creating jobs, economic development opportunities, and other community benefits in these historically economically disadvantaged communities in the County.

Importantly, please also note that the Planning Board’s recommendations for these Impact Tax exemptions do **not** extend to exempting Enterprise Zones or Qualified Opportunity Zones from their applicable LATR (or LATIP) responsibilities, all of which these developments would remain obligated to pay.

For at least the foregoing reasons, I respectfully request that this Council approve and adopt the Planning Board’s Recommendation 6.6 (on page 95 of the Planning Board Draft) to exempt all Qualified Opportunity Zones within the County from these Impact Taxes.

Thank you for your time, consideration, and allowing me to testify this evening.

Respectfully Submitted,

Jonathan M. Genn

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