

**COUNTY EXECUTIVE TESTIMONY**  
**BILL 16-24, DEVELOPMENT IMPACT TAX - AMENDMENTS**

**October 1, 2024**

Good afternoon Council President and members of the County Council. My name is Rachel Silberman. I am the Capital Improvement Program Coordinator in the Office of Management and Budget and I am here today to testify on behalf of the County Executive regarding Bill 16-24 Development Impact Tax - Amendment.

On behalf of the County Executive, I would like to express concern about the continued reduction of impact tax revenues supporting critical transportation and school improvement projects proposed in the Bill. While impact taxes may not be the ideal tool for funding transportation and school infrastructure, the County Executive urges you to “do no harm” and avoid further reductions before assembling the study group recommended by the Planning Board to identify alternative revenue streams.

The Planning Board’s proposed impact tax and Growth and Infrastructure policy changes are expected to have a negative fiscal impact of more than \$28 million over the next six fiscal years. The County’s Capital Improvements Program (CIP) is constrained by spending affordability guidelines for general obligation bonds and declining Recordation and Impact tax revenues due in part to Impact Tax adjustments approved in the last Growth and Infrastructure Policy update. At the same time, escalation in the construction market has eroded buying power in the CIP and made it challenging to support already approved projects. Further reductions would substantially hamper our ability to make critical community investments in school capacity projects and transportation improvements.

What is not included in our estimated fiscal impact and what we have lingering concerns over is the proposal to exclude the State-funded portion of school construction projects when calculating school impact tax rates. While it is difficult to project the amount lost revenue, it is expected that revenues will decrease as result, further reducing school construction funding, only months after many painful but critical adjustments to the Montgomery County Public Schools CIP were made to build a more fiscally viable capital program.

We urge you to weigh the bill’s impact on the County's ability to provide adequate infrastructure for residents and urge you not to take action that would reduce impact tax revenues without first studying alternative revenue streams. We appreciate being included in future committee sessions on this bill and look forward to the continued discussion. Thank you.