

April 8, 2026

County Council President Natali Fani-Gonzalez
Members of the County Council
Council Office Building
100 Maryland Avenue
Rockville, MD 20850

Council President Fani-Gonzalez and Members of the County Council,

On behalf of more than 450 businesses represented by the Gaithersburg-Germantown Chamber of Commerce, I write to provide feedback on the County Executive’s proposed FY27 budget. Our members—over 65% of whom are small businesses with fewer than 10 employees—operate across Gaithersburg, Germantown, Clarksburg, Damascus, and surrounding areas, in one of the most diverse regions in the nation.

We recognize the complexity of balancing the County’s budget and appreciate your leadership in this process. We offer the following comments in support of key investments, as well as concerns regarding the cumulative impact of proposed tax and fee increases on our business community and residents.

SUPPORT FOR STRATEGIC INITIATIVES

GERMANTOWN TOWN CENTER & ECONOMIC DEVELOPMENT INITIATIVES:

The primary mission of every Chamber of Commerce’s is to promote economic development. We appreciate the Council’s continued support of the Emerging Business District initiative in Germantown, which is helping to lay the groundwork for a vibrant Germantown Town Center. We encourage sustained investment in this multi-year effort and welcome continued collaboration with Councilmembers.

We also respectfully request restoration of funding for the BlackRock Center for the Arts, which plays a critical role as a community convener and gathering space for civic engagement in the Town Center.

In addition, we support increased funding for small business assistance and incubator programs and look forward to partnering with the County as new operators are brought forward.

To further support economic vitality, we recommend expanding the MOVE grant program to include restaurant and retail uses—particularly within Germantown Town Center, where vacant commercial spaces present immediate opportunities for activation.





PUBLIC SAFETY:

We support continued investment in innovative public safety tools such as the Drone as a First Responder program, which has demonstrated meaningful value to both first responders and the broader community.

MONTGOMERY COLLEGE:

Our members also appreciate and strongly support for Montgomery College's operating and capital requests. The College remains an essential workforce development partner, delivering measurable outcomes for both students and employers.

CONCERNS FOR TAXES, FEES, & AFFORDABILITY

While we support targeted investments, we are deeply concerned about the cumulative impact of proposed tax and fee increases on businesses and residents—particularly during a period of economic uncertainty, federal workforce reductions, and ongoing cost-of-living pressures.

The proposed increases—including a 6.3 cent property tax rate adjustment – approximately 6%, higher income tax authority, a 32% increase in 911 fees, and additional increases in water quality, transportation, and permitting-related fees—create significant headwinds for small businesses already operating on thin margins.

We urge the Council to carefully evaluate the total burden of these increases and prioritize policies that enhance, rather than hinder, Montgomery County's economic competitiveness.

COMPETTIVENESS & ECONOMIC GROWTH:

Montgomery County is facing growing competition from neighboring jurisdictions that are actively lowering tax burdens and permitting costs and timelines, while investing in infrastructure, workforce, and business development.

At the same time, our County is experiencing concerning trends, including:

- Outmigration of residents and businesses
- Slower job growth compared to regional peers
- Rising costs that challenge both employers and workforce retention

We recommend a renewed focus on policies that:

- Attract and retain businesses and residents
- Encourage private investment
- Strengthen the County's long-term tax base

MCPS:

We recognize that a strong public school system is one of the most important drivers of economic development. However, increased funding has not translated into improved

outcomes. The growth in the MCPS budget has also far outpaced inflation and county population growth.

We encourage the Council to pair continued investment in MCPS with clear accountability measures and outcome-based performance expectations to ensure that taxpayer resources are delivering measurable results.

HOUSING:

Housing affordability remains a critical challenge for our workforce and employers. We are concerned that increasing taxes and regulatory constraints may further discourage housing development at a time when additional supply is urgently needed. Increasing income taxes and/or property taxes will not help people afford homes or encourage investment in housing.

As a County, we are already called out by major housing developers as being hostile to housing developers, and so investment in housing has all but disappeared. Increased taxes and fees not only make housing unaffordable, but also contribute to the perception that investing in Montgomery County housing is a bad idea. Additionally, the rent control legislation championed by many of our Council and our County Executive is working against us. If we are unattractive to housing developers, we lose out on housing opportunities at all levels, including affordable housing. More supply will address demand, and consequently lower prices. You must repeal the rent control legislation and invite more housing development at all price points.

We recommend policies that:

- Encourage housing development across price points
- Improve predictability for developers
- Align housing strategy with economic growth goals

A balanced approach to housing policy is essential to maintaining affordability and supporting a thriving local economy.

OVERALL COMPETITIVENESS & GROWING OUR ECONOMY:

All told, our small business members cannot absorb additional taxes and cost increases, especially given the already high expenses of doing business here, with Maryland ranking a troubling 48th in overall business climate. Outmigration of wealth to other areas is a significant challenge that weakens our tax base. Our population is lower than it was in 2020, and we offer fewer jobs than we did in 2005! Our county budget since that same time is far outpacing inflation and population growth.

Nearby jurisdictions in Howard and Frederick counties are not raising taxes. Loudoun County has lowered their property tax rate and vehicle tax in the past year. All the while, these jurisdictions are investing in infrastructure, business incentives, and public schools.



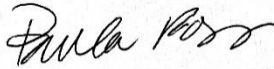
Montgomery County residents and businesses cannot afford more taxes, especially with no increased services and no expected outcomes in MCPS. We are driving people and businesses to other jurisdictions where the economic climate is much more competitive and attractive. We need to invite and incentivize investment wherever possible – in business, in housing, in infrastructure.

Montgomery County's long-term fiscal health depends on a strong, growing economy. We respectfully urge the Council to adopt a budget that prioritizes economic competitiveness, supports small businesses, and encourages investment—rather than increasing costs in ways that are driving away residents and employers.

We must prioritize sustainable economic development that invites investment and strengthens the services valued by our residents and businesses.

We appreciate your consideration and stand ready to partner with you in advancing policies that strengthen our shared economic future.

Sincerely,



Paula Ross
President & CEO
Gaithersburg-Germantown Chamber of Commerce

Since 1949, the Gaithersburg-Germantown Chamber of Commerce has been the leading advocate for businesses along the upper I270 corridor in Montgomery County, commonly called the "Upcounty." We specifically serve the business communities in Gaithersburg, Germantown, Clarksburg, and Damascus; our membership currently includes approximately 450 members in dozens of industries. Our members range in size from volunteer-run nonprofits with zero employees, to solopreneurs, to businesses with thousands of employees in the Upcounty and surrounding region. We are committed to being a voice for all businesses in the Upcounty, providing resources that drive growth, foster connections, and strengthen our local economy.

