

Economic Impact Statement

Montgomery County, Maryland

Bill 16-24 Development Impact Tax – Amendments

SUMMARY

Based on available information and limited timeframe, the Office of Legislative Oversight (OLO) cannot estimate the impact of Bill 16-24 on the Council’s priority economic indicators. An analysis of the Bill would require an understanding of how the Growth and Infrastructure Policy (GIP) would be impacted by the proposed changes, and the subsequent economic impacts to private organizations, residents, and overall economic conditions in the County, which is beyond the scope of this Economic Impact Statement. The GIP is similar to a master plan; thus, the analysis would fall under the purview of Montgomery Planning. However, OLO staff could complete an economic assessment for Bill 16-24 in approximately three to four months if the Council chooses to add it to OLO’s work program.

BACKGROUND AND PURPOSE OF BILL 16-24

Every four years, the Montgomery County Planning Board must produce a recommended Growth and Infrastructure Policy (GIP).¹ The GIP ensures that Montgomery County's public infrastructure—such as schools, transportation, and water & sewer services—can support new development in the County.² The GIP is responsible for:

- creating a process for analyzing the impact of new developments on public infrastructure;
- setting standards for determining if infrastructure is adequate to support new development; and
- establishing how to identify inadequate infrastructure, how inadequacies should be addressed, and the time frame for when improvements should take place.³

The Planning Board submitted their recommended draft of the 2024-2028 GIP on July 25, 2024.⁴ After receiving comments and recommendations on the draft from the County Executive and County Board of Education, the Council must hold a public hearing and then decide whether to adopt the policy by November 15th, 2024.⁵ (If the Council does not adopt the new GIP, the previously adopted policy remains in effect.)⁶

¹ Montgomery County Code, “[Sec. 33A-15. Growth and Infrastructure Policy.](#)”

² Montgomery County Planning Department, “[Growth and Infrastructure Policy Explainer.](#)”

³ Ibid.

⁴ Montgomery County Council, “[Introduction Staff Report for Bill 16-24,](#)” September 10, 2024.

⁵ Sec. 33A-15. Growth and Infrastructure Policy.

⁶ Ibid.

The Planning Board submitted Bill 16-24 to the Council. The purpose of the Bill is “to implement legislative changes consistent with the Planning Board draft of the 2024-2028 GIP. “⁷ It would do so by updating transportation impact tax districts, modifying development impact tax exemptions for certain uses and in certain locations, and adjusting how the County calculates development impact taxes.⁸

On behalf of the Planning Board, the Council introduced Bill 16-24 on September 10, 2024.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Bill 16-24 on County-based private organizations and residents in terms of the Council’s priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in the County.⁹

Due to the complexity of the proposed changes, Bill 16-24 would require a detailed investigation of the impacts of each proposed change to the tax districts, development impact tax exemptions, and laws governing the transportation and school development impact taxes.¹⁰ The Bill’s proposed changes would directly impact the policy tools of the Growth and Infrastructure Policy and it is not possible to evaluate the changes in the timeframe given for this statement. In the past, Planning Staff have solicited stakeholder input along with data to evaluate policy recommendations, including development taxes and changes to tax districts.¹¹ This investigation is beyond the scope of this Economic Impact Statement. OLO staff could complete an economic assessment for Bill 16-24 in approximately three to four months if the Council chooses to add it to OLO’s work program.

VARIABLES

Not applicable

IMPACTS

WORKFORCE ■ TAXATION POLICY ■ PROPERTY VALUES ■ INCOMES ■ OPERATING COSTS ■ PRIVATE SECTOR CAPITAL INVESTMENT ■ ECONOMIC DEVELOPMENT ■ COMPETITIVENESS

Not applicable

⁷ Montgomery County Council, “[Introduction Staff Report for Bill 16-24.](#)”

⁸ Ibid.

⁹ Montgomery County Code, Sec. 2-81B.

¹⁰ Montgomery County Council, [Introduction Report for Bill 16-24.](#)

¹¹ Montgomery Planning, [2024 - 2028 Growth and Infrastructure Policy Working Draft, May 3, 2024.](#)

DISCUSSION ITEMS

Not applicable

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.