



House Bill 506

Economic Development - Transformational Project Financing Program - Establishment

MACo Position: **SUPPORT**

To: Economic Matters and
Ways and Means Committees

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From: Karrington Anderson & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 506. 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. HB 506 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.

HB 506 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, HB 506 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 HB 506.