

Prince George's County Council Agenda Item Summary

Meeting Date: 11/1/2011
Reference No.: CB-004-2011
Draft No.: 2
Proposer(s): County Executive
Sponsor(s): Franklin, Turner, Toles, Harrison, Olson, Campos
Item Title: An Act establishing an Economic Development Incentive Fund (the "Fund"); specifying the purpose and uses of the Fund; providing for the financing and administration of the Fund; and generally providing for the Fund

Drafter: Office of the County Executive
Resource Personnel: Brad Frome, Council Liaison

LEGISLATIVE HISTORY:

Date Presented:	3/4/2011	Executive Action:	11/17/2011 S
Committee Referral:	3/22/2011 - PSFM	Effective Date:	1/3/2012

Committee Action: 6/1/2011 - HELD
9/21/2011 - FAV(A)

Date Introduced: 10/4/2011
Public Hearing: 11/1/2011 - 1:30 PM

Council Action (1) 11/1/2011 - ENACTED
Council Votes: WC:A, DLD:-, MRF:A, AH:A, LJ:-, ML:A, EO:A, OP:A, IT:A, KT:A
Pass/Fail: P
Remarks:

AFFECTED CODE SECTIONS:

10-283, 10-284, 10-285, 10-286, 10-287, 10-288

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 9/21/2011

REPORT: Committee Vote: Favorable/as Amended (4-1 (In Favor: Councilmember: Campos, Franklin, Toles and Turner – Opposed – Councilmember Patterson)

This bill will establish a non-lapsing Economic Development Incentive Fund (EDIF) in Prince George's County. The EDIF will allow the County to increase its commercial tax base by supporting the growth of business. It will also be used to leverage existing loan options as well as supplement existing programs offered by the State of Maryland and the federal government.

The EDIF will be used strategically to stimulate economic development to areas in need of redevelopment, as in the develop tier, where market dynamics do not create sufficient economic incentives to sustain development.

Applicants must submit a thorough financial prospective outlining the proposed cost and expenditures, and a rate of

depreciation for assets such as equipment or buildings. The term or guarantee made under the EDIF may not exceed ten (10) years.

To protect the County's interest and ensure the highest degree of financial integrity an independent and objective panel will evaluate the potential projects. The Financial Advisory Committee (FAC) will be convened to review the financial assistance application and project to determine the viability. The FAC will be an independent panel comprised of seven financial services professionals who are residents of the County and are experienced and skilled in banking finance, real estate, commercial development, accounting and business. The County Council will submit to the County Executive five names from which the Chief Administrative Officer shall select not less than three names to become a member of the FAC.

The County is committed to ensuring that proper notice of the funding award is given. The Council will be notified in writing by the Chief Administrative Office of any award from the EDIF.

The general public notice of an award will be posted on the County's website page which is dedicated to this program that will outline the terms of the agreement or grant award.

This legislation was held in committee on 4/27/11, 6/1/11, 6/15/11 and 6/20/11 for additional discussion and information.

The Office of Law has reviewed this bill and find it to be in proper legislative form with no legal impediments to its enactment.

SOME HIGHLIGHTS OF THE DRAFT II

1. On page 1 lines 11 - 21 and page 2 lines 1-16 is the Preamble to the bill

2. On page 2:

Line 28 after "jobs" add "for County residents"

Line 29 after "base" add "particularly the commercial base tax".

Lines 30 -31 Strategies focus on the developed tier and gateway communities

3. On page 3:

Lines 5 – 9 Defines Transit-Oriented Development and

Lines 11 – 12 add "international resources and trade to promote job growth, business attractions, and retention for County businesses and residents

Lines 26 – 28 Funding Priority

Lines 29 – 31 Economic strategies

4. On page 4:

Lines 4 – 8 Special priority for LMBE's and Local hires

Lines 29 – 31 Financial Advisory Committee (FAC)

5. On page 5:

Lines 2 -16 FAC nomination and requirements

Lines 28-31 Office of Management and Budget and MBE Compliance Officers review of financial assistance awards

5. On page 6:

Lines 23- 25 Guidance from FAC

Lines 28 –31 Approval Criteria

6. On page 7

Lines 5 -31 Notice/approval role of Council

7. On page 8
Lines 1 -23 Continuation of Notice/approval role of Council

8. On page 9
Lines 8 – 10 Exception
Lines 20 -23 Compliance with conditions of Award

9. On page 10
Lines 8 -11 Report by Chief Administrative Officer
Lines 12 -14 County Auditor Review for Compliance

The EDI Fund will be funded through County current expense funds totaling \$50 million in FY 2012. Initially, only \$7 million is proposed to be expended in FY-2012, which will have a negative fiscal impact during the current year. The remaining funds will be retained in the Fund for future Fiscal Year expenditures and the fiscal impact will be incurred during the fiscal year funds are expended.

The intent of the EDI Fund may provide a positive fiscal impact for the County in future fiscal years through additional property taxes and income taxes due to economic development, and new and retained jobs. In addition, the Fund requires loans or guarantees to be repaid to the County within a specified yearly term agreement (no more than ten years). The overall positive fiscal impact on the County in future fiscal years, if any, cannot be determined at this time due to the uncertainty of the level of economic growth, the number of retained jobs and new jobs established through business growth, and the amount of funds repaid to the County through the loans and guarantees.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will create an Economic Development Incentive Fund (“EDIF”) in Prince George’s County. The EDIF will allow Prince George’s County to grow its commercial tax base by supporting the growth of business, and will be used to leverage existing loan facilities as well as supplement existing programs offered by the State of Maryland and the federal government.

CODE INDEX TOPICS:

INCLUSION FILES:
