



April 6, 2026

MEMORANDUM

TO: Wala Blegay, Esq., Chair
 Planning, Housing, and Economic Development (PHED) Committee

THRU: Sylvia King *SK*
 Senior Legislative Budget Officer

FROM: Shalene Miller-Whye *SMW*
 Budget & Policy Analyst

RE: Economic Development Corporation - Fiscal Year 2025 Budget Review
 (Non-Departmental Grants & Transfer Payments)

Budget Overview

- The FY 2027 Proposed Budget for the Economic Development Corporation (EDC) is \$7,549,900, an increase of \$2,449,800 or 48%, above the FY 2026 Approved Budget.
- EDC is partially funded through an annual County grant in the non-departmental section of the budget.
- The EDC's Proposed FY 2027 Budget reflects County grant funding of \$6,291,400, an increase of \$2,232,800, or 55%, above the FY 2026 Approved Budget.

Budget Comparison - Consolidated Budget

Revenue						
Fund	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change
County Grant	\$ 4,272,200	\$ 4,058,600	\$ 4,058,600	\$ 6,291,400	\$ 2,232,800	55.0%
Other Sources	1,630,674	\$1,041,500	\$1,041,500	\$1,258,500	\$217,000	20.8%
Total	\$ 5,902,874	\$ 5,100,100	\$ 5,100,100	\$ 7,549,900	\$ 2,449,800	48.0%

Staffing Changes and Compensation

- From FY 2026, the Economic Development Corporation (EDC) has had three (3) staffing changes, including:
 - President and CEO
 - Chief Operating Officer
 - Vice President, Policy and Public Relations

- The FY 2027 staffing complement for EDC remains unchanged from the FY 2026 levels. All 24 positions are funded and filled.

Authorized Staffing Count

	FY 2026 Approved	FY 2027 Proposed	Change Amount	Percentage Change
Full-Time (Funded)	24	24	0	0.0%
Full-Time (Unfunded)	0	0	0	0.0%
Total	24	24	0	0.0%

Fringe Benefits

- In the FY 2027 Proposed Budget, fringe benefit expenditures total \$993,300, an increase of \$51,800, or 5.5%, above the FY 2026 Approved Budget.

Revenues

- The County’s Grant to EDC is projected to be \$2,232,800 higher due to increased event efforts, including \$500,000 towards Preakness, which will support a coordinated suite of Preakness-related activations designed to position Prince George's County as a host destination and economic driver.
- Event and Sponsorship revenue is anticipated to increase by 9.7%, or \$77,000, due to the International Council of Shopping Centers (ICSC), the State of the Economy, and other upcoming events.

Operating Expenditures

- In the FY 2027 Proposed Budget, operating expenditures are proposed at \$3,797,800, an increase of \$2,254,200 or 146%, above the FY 2026 Approved Budget. The proposed operating expenditure categories for the EDC include:
 - Professional Services, proposed at \$643,500, with an increase of \$161,400, or 25.1%, above the FY 2026 approved budget. This increase is primarily due to higher consultant fees and contracted service costs.
 - Facilities Expenses, proposed at \$239,200, remains unchanged from the FY 2026 approved budget.
 - Outreach, proposed at \$1,504,400, with an increase of \$790,000, or 110.6%, from the FY 2026 approved budget. This is due to increased funding for conference and event travel.
 - Staff and Board Expenses, proposed at \$98,900, remain unchanged from the FY 2026 approved budget.

- Other Operating expenses, proposed at \$1,311,800, with an increase of \$1,302,800 from the FY 2026 approved budget due to events and sponsorships. See *Second Round Responses* for the complete list of events.

- The following table includes detailed revenues and expenditure changes for FY 2025 – Proposed FY 2027.

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027

Category	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	Change Amount	Percentage Change
<u>REVENUES</u>						
County Grant	\$ 4,272,200	\$ 4,058,600	\$ 4,058,600	\$ 6,291,400	\$2,232,800	55.0%
EDI Fund Processing Fees	13,980	16,300	16,300	16,300	-	0.0%
Enterprise Zone Grant	65,000	65,000	65,000	65,000	-	0.0%
Event/Sponsorship Revenue	545,987	716,900	716,900	793,900	77,000	10.7%
Fundraising Revenue	69,135	66,300	66,300	66,300	-	0.0%
Incubator Revenue	94,651	75,000	75,000	75,000	-	0.0%
Small Business Services Revenue	3,858	102,000	102,000	102,000	-	0.0%
Business Round Table Grants	338,063	-	-	140,000		
Developer Pilot Program	500,000					
Total Revenues	\$ 5,902,874	\$ 5,100,100	\$ 5,100,100	\$ 7,549,900	\$2,309,800	45.3%
<u>EXPENDITURES</u>						
Salaries & Wages	\$ 2,470,866	\$ 2,615,000	\$ 2,615,000	\$ 2,758,800	\$ 143,800	5.5%
Fringe Benefits	889,600	941,500	941,500	993,300	51,800	5.5%
Operating						
Professional Services	883,073	482,100	482,100	643,500	161,400	33.5%
Facilities Expenses	469,190	239,200	239,200	239,200	-	0.0%
Outreach/Conference	1,130,199	714,400	714,400	1,504,400	790,000	110.6%
Staff & Board Expenses	98,269	98,900	98,900	98,900	-	0.0%
Other Operating Expenses	26,861	9,000	9,000	1,311,800	1,302,800	14475.6%
Sub-Total	2,607,592	\$ 1,543,600	\$ 1,543,600	\$ 3,797,800	\$2,254,200	146.0%
Total Expenditures	\$ 5,968,058	\$ 5,100,100	\$ 5,100,100	\$ 7,549,900	\$2,449,800	48.0%

Economic Development Incentive (EDI) Fund Overview

The Economic Development Incentive Fund (EDI Fund) was established in FY 2012 through legislation (CB-04-2011) to allow Prince George’s County to support development opportunities and job attraction and retention by providing critically needed financial assistance to projects that “but for” this public/private partnership will not occur and where market forces do not create the incentive to sustain private investments. As established, the EDI Fund should be used strategically to support developed tier and gateway communities, transit-oriented development, and local, minority, and small businesses, among other important priorities.

- To date, 1,218 applications have been received through the EDI Fund online portal.
- FY 2026, 71 EDI Fund applications were received.

- Of the 71, four (4) were completed, and one (1) was submitted for further review.
- The FY 2025 EDI Fund pipeline comprises projects across multiple industry sectors, including manufacturing, health care, motion picture and video film production, and information technology.
- Currently, the EDI Fund pipeline consists of seven (7) active projects totaling \$10,750,000 with a total aggregate project cost of \$775,000 in EDI Fund requests. Total net new full-time jobs across all projects are estimated at 210.
- The initial \$50 million appropriation to the EDI Fund has leveraged over \$1.4 billion of economic investment. It is still able to leverage funds to attract, retain, and expand businesses and the commercial tax base, especially those with legislative priority, such as Transit-Oriented Development inside the Beltway, economically impactful industry sectors such as health care and hospitals, information technology, federal government, manufacturing, and research-intensive industries, aligning with the overall economic plan and the “But for Test.”
- To provide outreach for the EDI Fund, the EDC offers business assistance and technical assistance programs. This includes employee recruitment and training, business financing, assistance with site selection, public-sector procurement, and introductions.
- The process for negotiating project terms depends on the project's specifics and the fund's commitment. The EDC works with FSC First and Employ Prince George's to negotiate terms related to County employment specifics in the County's best interest, while also considering the size of the project and the amount contributed by the EDI Fund.

FY 2026 Accomplishments

- Administered 10 technical assistance training programs to support entrepreneurship and small and minority business growth through collaborative programming, communications, and engagement.
- Encouraged the redevelopment and improvement of targeted shopping centers through the attraction and expansion of retail, restaurant, entertainment, healthcare, and innovative, collaborative uses.
- Connected federally impacted businesses to new contracting opportunities, strategic networks, trainings, and entrepreneurship-focused events.
- Facilitated the expansion of Prince George's County-based companies, increasing the commercial tax base and creating jobs through access to new markets, strategic partnerships, and growth resources.

FY 2027 Strategic Focus

- Employing a comprehensive strategy focuses on resilience, adaptation, and growth. This includes creating targeted business stabilization programs, developing workforce reskilling initiatives to transition federal workers into private-sector opportunities, establishing commercial property revitalization incentives, enhancing competitive business-attraction packages, streamlining regulatory processes, and strengthening their technical assistance network.
- Conducting 1,250 business-site evaluation visits and 105 marketing events and presentations.
- Generating 800 business opportunities to attract, retain, and grow businesses and securing 40 business agreements to create 1,000 new jobs.

- Focus on primary role of business attraction, retention, and expansion, utilizing the 2022 adopted strategic plan.
- Accelerate the growth and expansion of diverse economic sectors through targeted technical assistance programs and initiatives with an emphasis on supporting minority-owned and small businesses.
- Support businesses impacted by federal policy shifts and workforce transitions.
- Work to sustain marketing campaigns and promotional opportunities to promote Prince George's County business climate, success stories, assets, and lifestyle despite budget challenges.
- Regain the County's status as #1 in job growth in Maryland and make continued progress toward shifting the commercial/residential real property tax ratio.
- Develop and implement key initiatives identified in the County's updated Comprehensive Economic Development Strategic Action Plan.

Areas of Concern/Challenges Facing EDC

The EDC anticipates several potential obstacles that may impact their FY 2027 planned program performance and operations, including:

- Economic uncertainty may affect business investments and program sustainability, such as inflation, interest rate fluctuation, and federal and state funding shifts. This may have an overall impact on the economic stability of businesses and consumer spending.
- Other potential obstacles include lengthy approval times for projects, limited financial incentives, competition from neighboring jurisdictions, and funding to support marketing efforts that cultivate and elevate the positive identity for the County.
- The Innovation Station Business Incubator is projecting lower revenues in the amount of \$5,000 than the budgeted amount of \$75,000. Office tenancy in the Innovation Station Business Incubator was curtailed since the restructuring efforts of the Federal government.

Maryland General Assembly Concerns

- HB 1247 - Tax Increment Financing / Extraordinary Development District (Sphere Bill) Expands the definition of an "extraordinary development district" to include immersive entertainment venues. This authorizes the use of Tax Increment Financing (TIF) bond proceeds for acquisition, construction, and rehabilitation of immersive entertainment venues. It would also allow the Maryland-National Capital Park and Planning Commission (M-NCPPC) to enter into agreements pledging certain tax revenues as security for bonds and support financing contingent on required resolutions. This broadens TIF authority to explicitly support large-scale construction projects tied to economic development. The fiscal impact, according to Ernst & Young, includes the following:
 - ~\$1.3 billion in annual income for Prince George's County
 - ~\$1.5 billion in annual income for the State of Maryland
 - ~7,000 jobs created
 - ~2 million additional annual visitors to the State

- HB 369 - Property Tax Credit for New Businesses authorizes Prince George's County to grant a property tax credit to new businesses that create 10 or more full-time jobs and operate in industries targeted for growth by the Economic Development Corporation. This applies to owned or leased property used by eligible businesses. The fiscal impact shows a potential decrease in county property tax revenues beginning FY 2027. Revenue loss is indeterminate, depending on the number of businesses receiving the credit, property values, and size and duration of credits awarded.
- HB 1243 - Personal Property Tax Exemption for Small Manufacturers exempts personal property from taxation for manufacturers that employ 50 or fewer employees. It aims to support and incentivize small-scale manufacturing growth within the County. This creates a local government mandate, requiring implementation at the county level, and likely results in a reduction in local tax revenues tied to exempted property.

Federal Government Concerns

- Changes to the Small Business Administration 8(a) Business Development Program, specifically the shift away from race-based social disadvantage criteria toward a race-neutral, fact-specific eligibility framework. This may reduce the number of Prince George's County businesses that qualify, thereby limiting access to federal contracting opportunities.
- Federal policy shifts related to infrastructure funding (the Infrastructure Investment and Jobs Act), tax incentives, labor laws (including minimum wage), environmental regulations, and tariffs may directly affect the feasibility, cost structure, and timing of local economic development projects, requiring the Economic Development Corporation to proactively engage federal partners, support businesses in navigating these changes, and strengthen intergovernmental partnerships.