



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

March 14, 2019

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-021-2019 DR-1 Economic Development

Legislative Summary

CR-021-2019 revises the County's policy for the use of Tax Increment Financing (TIF), and other financial tools and incentives, to fund economic and community development initiatives within the County.

Background

Tax Increment Financing is a public financing method used as a subsidy for redevelopment, infrastructure, and other community-improvement projects which uses a project's tax increment to finance debt issued to pay for the development of the project. TIFs borrow against the future increase in property tax revenues.

Over the past fifteen (15) years the County Council has passed legislation to establish specific criteria for determining the appropriateness and necessity of applying TIF and other financial incentives to assist in funding economic and community development initiatives within the County, as well as to strengthen requirements for minority business enterprise participation and to require all parties receiving TIF assistance to participate in a Class A apprenticeship program.

Assumptions and Methodology

Revisions proposed in CR-021-2019 further refine the County's TIF policy being used to evaluate the appropriateness and necessity of applying TIF and other financial incentives to help fund economic and community development projects. The proposed legislation seeks to allow the County's Compliance Manager to determine if documentation must be provided to support certain TIF requirements, and also increases the County's minimum employment goal of County residents from thirty percent (30%) to forty percent (40%) for projects receiving TIF and other financial incentives. Instances of the nomenclature Local Minority Business Enterprise (LMBE) are being replaced with County-based Minority Business Enterprise (CMBE) throughout the revised TIF policy criteria. The inclusion of a five percent (5%) County minority resident equity ownership or participation clause is proposed to be added as an option to reach certain TIF policy compliance requirements. The proposed legislation also requires the submission of a certain acceptable written Minority Business Enterprise (MBE) Plan as a requirement to receiving TIF.

Fiscal Impact

- Direct Impact

Adoption of CR-021-2019 should not have an adverse fiscal impact on the County as the proposed legislation changes the TIF policy. However, there may be economic, or fiscal, impact to the County when a TIF agreement is approved. The impact would be based upon the agreed upon terms of the agreement.

Effective Date

Date of adoption of the Resolution.

If you require additional information, or have questions about this fiscal impact statement, please call me.