September 16, 2026

Policy Analysis and Fiscal Impact Statement

TO: Planning, Housing and Economic Development Committee (PHED)

THRU: Rana Hightower, Committee Director
Planning, Housing and Economic Development Committee (PHED)

FROM: Credelphia Ganu
Legislative Liaison to M-NCPPC

RE: **CB-111-2026 –** Special Obligation Bonds for the National Harbor Immersive Entertainment Venue and Refunding of the Series 2022 Bonds

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CB-111-2026 (*proposed by:* The County Executive and presented by Council Chair Krystal Oriadha at the request of the County Executive)

Assigned to the Planning, Housing and Economic Development Committee (PHED)

AN ACT CONCERNING THE ISSUANCE OF SPECIAL OBLIGATION BONDS, for the National Harbor infrastructure, immersive entertainment venue, related infrastructure, and the refunding or defeasance of the Series 2022 bonds.

Fiscal Summary

Direct Impact:

Expenditures: Potentially significant project and financing costs, payable from bond proceeds and pledged revenues. The amount and timing cannot presently be determined.

Revenues: Mixed; pledged tax revenues would be committed to debt service; potential increases in development-generated tax revenues cannot presently be quantified.

Debt/appropriation: Authorizes up to$215,000,000 in special obligation bonds; with interest not to exceed 9% per annum. The bill makes no General Fund appropriation, and the bonds are not general obligations of the County.

Indirect Impact:

Potentially favorable economic-development effects. Risks include pledged revenue underperformance, revenue opportunity costs, financing costs, construction or technology cost overruns, and project-execution delays.

Legislative Summary:

CB-111-2026 authorizes one or more series of special obligation bonds in an aggregate principal amount not to exceed $215 million. Proceeds may refund, defease, or purchase the outstanding National Harbor Series 2022 bonds; finance or reimburse the acquisition, construction, or rehabilitation of an immersive entertainment venue; fund reserves and capitalized interest; and pay issuance costs.

The immersive venue is described as an at least 3,000-seat facility with advanced display technology, 4D visual effects, and spherical LED screens. Eligible improvements include site preparation, utilities, stormwater and environmental work, roads and pedestrian access, parking, structural and building systems, life-safety systems, and immersive audiovisual and technology infrastructure.

The bonds are special obligations payable from pledged National Harbor revenues, including tax increment revenues, hotel taxes, National Harbor Convention Center excess development district taxes, and—only for the new-money venue bonds—National Harbor Park, Recreation and Administrative taxes deposited in the Special PRA Fund.

Issuance requires coordinated financial, legal, development, tax, and M-NCPPC actions before any bond sale.

- Complete the financing plan, bond sizing, allocation between refunding and new money, debt-service schedule, revenue projections, sensitivity analysis, and refunding-savings analysis.
- Obtain required certifications concerning CR-21-2019 and approval of the Supplier Diversity and Equity Plan required under CB-51-2022.
- Obtain Commission approval by resolution before any pledge of National Harbor PRA taxes.
- Negotiate and approve the indenture, development agreement, bond purchase agreement, disclosure documents, tax documents, escrow agreement, and continuing-disclosure obligations.
- Verify the base and tax increment certifications and establish controls for the Tax Increment Fund and Special PRA Fund.

Current Law/Background:

Maryland's Tax Increment Financing Act permits a county to create a development district, pledge specified incremental revenues, and issue special obligation bonds for eligible development improvements. The M-NCPPC Taxes Act authorizes the applicable Park, Recreation and Administrative tax structure and related agreements.

CR-25-2004 established the National Harbor Development District and Tax Increment Fund. CB-062-2021 authorized the Series 2022 special obligation refunding bonds for earlier National Harbor public infrastructure.

CR-74-2026 established the National Harbor Extraordinary Development District framework referenced by the bill.

The introduced bill also applies specified protections and certifications under CR-21-2019 and the Supplier Diversity and Equity Plan requirements of CB-51-2022.

Proposed Legislation:

The bill authorizes up to $215 million in special obligation bonds, permits public sale or private negotiated sale, caps the interest rate at 9% per annum, and delegates final financing terms and documents to the County Executive within statutory and legislative limits.

The bonds do not constitute a general obligation, a pledge of the County's full faith and credit, or an indebtedness subject to constitutional, Charter, or statutory debt limits. If pledged revenues are insufficient in a tax year, debt-service payments are deferred and paid from future available pledged revenues as provided in the financing documents.

Excess Tax Increment Fund revenues remaining after debt service, reserves, administrative costs, and permitted withdrawals are transferred to the County General Fund. Excess Special PRA Fund revenues are transferred to the Commission. The PRA pledge remains until the new-money venue bonds and any bonds issued to refund those new-money venue bonds are paid or defeased in full.

Resource Personnel:

- Legislative Attorney:
- Council Office: Office of the Council Chair Krystal Oriadha
- Lead Implementing Agency: Office of Finance
- Participating County Offices: Office of Management and Budget; Office of Law; MBE Compliance; and County Executive staff
- M-NCPPC: The Commission and its financial and legal staff responsible for reviewing and approving the proposed pledge of National Harbor Park, Recreation and Administrative tax revenues.
- Project and Financing Participants: Sphere Maryland, LLC; bond counsel; financial advisor; underwriter or purchaser; trustee; rating agencies; and verification agents; as applicable

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Discussion/Policy Analysis:

The financing is legally structured as a limited special obligation rather than a general obligation. That distinction limits the County's contractual source of repayment, but it does not eliminate fiscal exposure associated with pledged revenues, administrative obligations, project execution, disclosure, or the opportunity cost of revenues that otherwise could flow to the County or Commission after existing obligations.

The full fiscal profile cannot be determined by the authorization alone. Key missing figures include the amount of Series 2022 principal to be refunded, the amount allocated to new-money improvements, expected issuance premiums, maturity schedule, projected tax increment and PRA collections, coverage ratios, capitalized interest, reserve requirements, issuance expenses, refunding savings, and downside scenarios.

At the full $215 million authorization and the maximum stated 9% rate, one year of simple interest would equal $19.35 million. This is an arithmetic ceiling illustration—not projected annual debt service—because actual principal issued, rates, amortization, premiums, capitalized interest, and maturities have not been provided. Commission approval is a substantive precondition because National Harbor PRA taxes are proposed as security for the venue-related new-money bonds. The Commission should receive revenue projections, debt-service schedules, sensitivity tests, proposed reserve levels, termination conditions, reporting requirements, and an estimate of revenues that otherwise would be available to its general fund.

- Obtain the final sources-and-uses schedule and separate refunding and new-money components.
- Obtain annual debt service, coverage projections, downside stress tests, and independent feasibility or market study.
- Quantify refunding savings and confirm whether savings are cash-flow, present-value, or both.
- Quantify the annual and cumulative County and Commission revenue opportunity cost under base and downside scenarios.
- Confirm completion of required Council and Commission-approvals, supplier-diversity requirements, and legal and tax certifications before issuance.

Fiscal Impact:

Direct Impact:

Debt authorization: Up to $215,000,000 of special obligation bonds, with interest not to exceed 9% per annum. The bonds are payable only from the pledged National Harbor revenues and are not general obligations of the County.

Expenditures: Bond proceeds may pay eligible improvements, refunding and defeasance costs, reserves, capitalized interest, and issuance costs. Administrative, legal, financial-advisor, trustee, disclosure, and monitoring costs may also be paid from bond proceeds or pledged funds as permitted by the documents. If bonds are issued, pledged tax increment revenues would be committed to debt service and would not be available for other authorized district purposes during the repayment period.

Revenues: Tax increment, hotel, convention-center excess development district, and National Harbor PRA revenues will be pledged. The amount diverted from eventual County or Commission general-fund use depends on actual collections, debt service, reserves, administrative costs, and permitted withdrawals.

- ***Indirect Impact***

Potentially favorable indirect effects include construction activity, increased destination and visitor spending, employment, and additional taxable activity. Potentially unfavorable effects could result if construction or technology costs exceed estimates or pledged revenue collections are lower than projected. Those conditions could delay project completion, reduce available County or Commission revenues, or cause debt-service payments to be deferred under the financing documents. None of these effects has been quantified in the introduced record

- *Appropriated in the Current Fiscal Year Budget*

No General Fund appropriation is made by CB-111-2026. The bill authorizes bond financing and the use of pledged special revenues. Future budgets and financial statements will need to recognize administrative activity, pledged revenue transfers, debt service, reserves, and any permitted distributions.

Policy Implementation Resources/Project Timeline:

Milestone 1 – Due Diligence and Approvals

- Complete feasibility, revenue, refunding, legal, tax, and credit analyses.
- Secure required certifications, supplier-diversity approval, and Commission resolution for the PRA pledge.

Milestone 2 – Financing Documents

- Finalize the development agreement, indenture, bond purchase agreement, disclosure documents, escrow arrangements, tax certificates, and continuing-disclosure requirements.
- Establish final sources and uses, debt-service schedule, reserves, coverage requirements, and permitted withdrawals.

Milestone 3 – Issuance and Closing

- Price and sell the bonds publicly or privately within the $215 million and 9% ceilings.
- Refund or defease the Series 2022 bonds and deposit new-money proceeds under controlled disbursement procedures.

Milestone 4- Construction and Ongoing Administration

- Monitor eligible-cost reimbursement, construction progress, pledged revenues, debt service, reserve levels, compliance, and annual transfers.

- Provide recurring reports to the Council and Commission on collections, coverage, project status, and distributions.

Resources and Critical Path

Resources may include County and Commission finance, budget, legal, procurement/compliance, tax administration, accounting, disclosure, audit, project-management, and records personnel, together with bond counsel, financial advisors, underwriters, trustees, engineers, and market consultants.

The critical path is receipt of reliable revenue and feasibility analyses; completion of statutory and policy certifications; Commission approval of the PRA pledge; negotiation of enforceable financing and development documents; and confirmation that pledged revenues support the proposed structure under reasonable downside assumptions.

Disclaimer: This analysis is based on Draft 1, Exhibit A, and the official Agenda Item Summary. A final financing plan, debt-service schedule, revenue forecast, feasibility study, refunding-savings analysis, and agency fiscal estimate were not available when this draft was prepared.

Effective Date of Proposed Legislation:

The Act will take forty-five (45) days after it becomes law.

Official Source Links

Official bill text – CB-111-2026 (Draft 1)
Official Agenda Item Summary – CB-111-2026
Official Exhibit A – eligible venue improvements
Maryland Economic Development Article, Title 12, Subtitle 2
Maryland Land Use Article, Title 18, Subtitle 3

If you require additional information or have questions about this fiscal impact statement, please reach out to me via phone or email.