



Committee: GO
Committee Review: At a future date
Staff: Livhu Ndou, Senior Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #2B
February 11, 2025
Introduction

SUBJECT

Resolution to establish the Infrastructure Funding Workgroup

Lead Sponsors: Council President Stewart, Councilmembers Katz and Friedson

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

To introduce resolution – consent agenda

DESCRIPTION/ISSUE

A resolution, sponsored by the Government Operations & Fiscal Policy (GO) Committee, to establish an infrastructure funding workgroup

SUMMARY OF KEY DISCUSSION POINTS

- During worksessions on Bill 16-24, Development Impact Tax – Amendments, the GO Committee recommended the formation of a workgroup to assess the County's infrastructure needs and recommend funding mechanisms.
- The enclosed draft resolution describes the goals and objectives of the workgroup, composition, and deadlines.
- A public hearing is scheduled for February 25, 2025.
- A GO Committee worksession will be scheduled at a later date.

This report contains:

Staff memorandum

Draft resolution

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MEMORANDUM

February 6, 2025

TO: County Council

FROM: Livhu Ndou, Senior Legislative Attorney

SUBJECT: Resolution to establish the Infrastructure Funding Workgroup

PURPOSE: Introduction

Background

On November 12, 2024, the County Council voted to enact Expedited Bill 16-24, Development Impact Tax – Amendments.¹ Bill 16-24 amended the law governing transportation and school development impact taxes. During the Government Operations & Fiscal Policy (GO) Committee worksessions on Expedited Bill 16-24, on October 10 and October 17, 2024, the GO Committee recognized that there are flaws in the current impact tax system that require further study and new, creative solutions. The Council echoed this sentiment during worksessions and action on Bill 16-24. The GO Committee recommended the formation of a workgroup to study the County’s infrastructure needs and provide recommendations on how funding for those needs can be generated.

The resolution sets an overall goal for the workgroup to recommend strategies to fund infrastructure and growth-related needs in the County. The resolution creates 2 objectives for completing this work: 1) determining and assessing the County’s various infrastructure needs, and 2) researching a variety of funding mechanisms to fund that infrastructure.

For membership, the resolution lists several relevant County departments and agencies, Montgomery County Public Schools (MCPS), and the State Highway Administration (SHA). While the resolution does not include outside stakeholders, it does require the workgroup to meet with both developers and community members and provide opportunities for public feedback.

The resolution requires the workgroup to submit a final report to the Council by June 30, 2026. This will allow time for the Council to review the report and incorporate it into the 2028-2032 Growth and Infrastructure Policy (GIP) if needed. The resolution also requires the workgroup to

¹ Staff reports and the final bill can be found here:
<https://apps.montgomerycountymd.gov/ccllims/BillDetailsPage?RecordId=2840&fullTextSearch=16-24>.

update the GO Committee on its progress and findings by March 2026 and no sooner than December 2025.

A public hearing is scheduled for February 25, 2025. A GO Committee worksession will be scheduled at a later date. Any feedback received regarding the focus of the workgroup, composition, or other comments and questions will be discussed at the Committee worksession.

This packet contains:

Draft resolution

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Resolution No.: _____
Introduced: February 11, 2025
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President Stewart, Councilmember Katz, and Councilmember Friedson

SUBJECT: Infrastructure Funding Workgroup

Background

1. The Council strives to provide housing and jobs for all County residents, while ensuring that the County's infrastructure needs are met. The current impact tax system provides funding for schools and transportation but raises concerns about the effects on growth, economic development, and how those funds are utilized. For example, transportation impact taxes are not guaranteed to benefit the area where development occurs and the cost of impact taxes may reduce both the amount of development and affordability of housing.
2. The Council is committed to eliminating racial disparities and inequities in the County. Evidence suggests that impact taxes shift the cost of new public infrastructure from existing residents to new residents through increased housing prices. Rates of homeownership for white and Asian persons in the County are significantly higher than the rates of homeownership for Black, Indigenous, and other people of color (BIPOC) in the County. And the population of BIPOC residents is expected to continue growing in the County. Taken together, as BIPOC residents become a larger share of the County's population, impact taxes will likely create further racial inequities as infrastructure improvements benefit existing residents, who are more likely to be white, and burden new residents, who are more likely to be BIPOC.
3. On November 12, 2024, the County Council voted to enact Expedited Bill 16-24, Development Impact Tax – Amendments. Bill 16-24 amended the law governing transportation and school development impact taxes. During the Government Operations & Fiscal Policy (GO) Committee worksessions on Expedited Bill 16-24, on October 10 and October 17, 2024, the GO Committee recommended the formation of a workgroup to study the County's infrastructure needs and provide recommendations on how funding for those needs can be generated.
4. The Council considers issues of racial equity and social justice (RESJ), environmental resilience, safety, and economic competitiveness in all its work. Before transmittal of the

2028-2032 Growth and Infrastructure Policy (GIP) and further changes to the impact tax regime, the Council requests additional research, analysis, and deep thinking on funding mechanisms for the County that align with the County's values.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A workgroup is established by the Council to recommend strategies to fund infrastructure and growth-related needs in the County.

1. The workgroup will determine and assess the County's various infrastructure needs, with an emphasis on schools and transportation infrastructure, to include net new infrastructure, repairs, and upgrading existing infrastructure to levels that meet anticipated future demand.
2. The workgroup will research a variety of funding mechanisms to fund future infrastructure needs. The workgroup must consider new funding mechanisms in addition to reform of the current impact tax system. The objective is a funding mechanism that is equitable, predictable, and sustainable.
3. Members of the workgroup will include:
 - a. 3 members of Council Central Staff, to be chosen by the Executive Director;
 - b. 2 representatives from the Montgomery County Planning Department, to be chosen by the Planning Director;
 - c. 1 representative from the Montgomery County Parks Department, to be chosen by the Parks Director;
 - d. 1 representative each from: Department of Transportation, Department of Finance, Office of Management and Budget, Department of Permitting Services, and the Department of Housing and Community Affairs, to be chosen by the County Executive;
 - e. 2 representatives from Montgomery County Public Schools, to be chosen by the Superintendent of Schools; and
 - f. 1 representative from the Maryland Department of Transportation State Highway Administration (SHA), to be chosen by the SHA Administrator.

The Council will appoint a Chair and Vice-Chair or Facilitator.

4. The workgroup will conduct stakeholder outreach, including meeting with developers and community members. The workgroup will also provide an opportunity for public feedback, such as surveys, listening sessions, and written feedback.

5. The GO Committee will hold a worksession on the workgroup's progress no earlier than December 2025 and no later than March 2026. At that time, the workgroup will update the GO Committee on its findings thus far, including an analysis of the County's current infrastructure needs, suggested funding mechanisms, and issues needing further study.
6. The workgroup will submit a final report by June 30, 2026. The report must include:
 - a. a data-driven assessment of the County's current and future infrastructure needs;
 - b. proposed funding mechanism(s) that are equitable, predictable, and sustainable;
 - c. how any proposed funding mechanism aligns with the County's values of racial equity and social justice (RESJ), environmental resilience, safety, and economic competitiveness; and
 - d. data and analysis to support any findings and recommendations.
7. The workgroup will follow all requirements of the Open Meetings Act, Title 3 of the General Provisions Article of the Maryland Code, including the publishing of agendas and recording of minutes.

This is a correct copy of Council action.

Sara R. Tenenbaum, Clerk of the Council