



## Maryland Economic Development & Business Climate Commission September 30, 2014

The Maryland Association of Counties (MACo) and the Maryland Municipal League (MML) would like to thank the Maryland Economic Development & Business Climate Commission (Commission) for providing the opportunity for local economic development officials to participate in the discussion regarding the State's business climate. Our panelists today have many years of experience in economic development. They plan to share their views of which approaches currently work in their jurisdictions and offer suggestions for improvements. They will also discuss how the State can better support local economic development efforts.

Local governments, just as the State, have a vested interest in economic development. Local economic growth creates jobs and increases salaries, which in turn expands the tax base both locally and statewide. Therefore, State and local governments must work in partnership on these efforts. Only through a concerted, cooperative effort can we ensure buy-in from all stakeholders to achieve our economic goals.

It is within this context that we offer the following comments for the Commission's consideration:

- **Approaches Need to be Flexible to Promote Economic Development Across the State** – Maryland is an incredibly diverse state. All local governments are unique, each with a different set of opportunities and challenges. An approach that appeals to an urban area may not appeal to a rural area due to the type of businesses located in the region or other socioeconomic factors. State programs must offer flexible application and qualification criteria so that local governments can implement programs in a manner that will best attract and retain transformative economic development. When measuring program success, different metrics should be used based on the size of the jurisdiction. Significant job growth in a rural jurisdiction may seem insignificant in an urban one.
- **Local Economic Development Officials Should be Engaged Early in the Process** – Communication is key when it comes to attracting business and marketing programs effectively. The State and local governments should communicate regularly about the economic development programs that are available and how these programs are working on the ground. This would create a system of continuous program improvement and ensure the best allocation of state and local resources. In addition, local governments should be brought into discussions the State may have with a specific business to attract it to the area. This would enable a local jurisdiction to address any local issues early in the process.

- **Local Governments Should have Approval Authority Over Economic Development Zones and Regions That Are Established** – Local governments view themselves as partners in economic development. Accordingly, the State and local governments should work together when designating and approving economic development zones and/or regions. Many times, incentives offered to businesses are drawn from local revenues such as the property tax. The property tax is local government’s largest revenue source. Local approval will improve stakeholder buy-in for programs and demonstrate commitment.
- **Local Governments Should Receive Some Level of Cost Reimbursement** – The current Enterprise Zone Tax Credit program reimburses local governments for 50% of the local property tax credits that are granted within the zone. This provides an incentive for local governments to participate in the program and demonstrates State commitment for the development zone. As new programs are developed or as existing programs are modified, local governments should receive a level of cost reimbursement to signify joint commitment to the effort.

MACo and MML would again like to thank the Commission for providing our members the opportunity to comment on the State’s business climate and offer suggestions for improvement. We look forward to working with the Commission as it continues its deliberations.