



Senate Bill 612

State Education Aid - Tax Increment Financing Development Districts - Repeal of Sunset Provision

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget & Taxation Committee

Date: February 28, 2018

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 612 WITH AMENDMENTS**. This bill would repeal the termination of State Education Aid – Real Property Valuation – Tax Increment Financing (Chapter 258 of 2016), creating special treatment for Tax Increment Financing under state education aid formulas. Counties are concerned that this legislation is premature ahead of the final recommendations from the [Kirwan] Commission on Innovation and Excellence in Education, and recommends the law only be extended enough time until that body can make its permanent recommendations.

Chapter 258 of 2016 authorizes grants, for fiscal 2018 and 2019, to counties that establish a tax increment financing (TIF) development district and qualify for state disparity grant funding. The state grant is devised to offset a potential loss of state education funds arising from changes in the wealth formula for the jurisdiction.

The Commission on Innovation and Excellence in Education was formed in 2016 and charged with reviewing and assessing Maryland's current education financing formulas and accountability measures. Based on its review and assessment, the Commission will make legislative and policy recommendations to increase the availability of innovative educational opportunities and update the state's education funding formulas.

While the Commission released a preliminary report in December of 2017, it did not address the impact of economic development incentives in low-wealth jurisdictions on state education aid, including the exclusion provided under § 5-202(l) of the Education Article. MACo anticipates the Commission will make comprehensive recommendations regarding TIF development districts (among many other school financing laws) in its final report, due in 2018.

An amendment to this legislation that would extend this law's sunset for an additional two years gives the Commission in place time to recommend permanent changes to this law. Accordingly, MACo recommends the Committee issue a **FAVORABLE WITH AMENDMENTS** report on SB 612.