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## Public Hearing on the County Executive's Proposed FY17 Operating Budget

April 6, 2016

### Testimony by Georgette "Gigi" Godwin Montgomery County Chamber of Commerce

Thank you for the opportunity to be here today.

The Montgomery County Chamber of Commerce is led by a dynamic Board of Directors who represent the diversity of the business community in Metro Maryland – the economic ecosystem which is the engine of our state's economy. Our member companies proudly contribute to the well-being of our community by

- employing residents,
- being actively engaged in the non-profit sector, and
- generating revenues that fund government services.

The proposed budget must support business growth as the backbone of a strong local economy and successful community. According to U.S. Census Bureau, 2015 Population Estimates, Montgomery County's population grew by 0.9%, due to birth and international migration. To meet the needs of our changing community, it is imperative to adopt policies that make Montgomery County the best place to start, grow and relocate a business. This growth and success provides jobs for our residents and contributes to the tax base.

Business benefits from a well-run government. We appreciate the tremendous effort that goes into crafting a responsible budget for a county of close to one million residents. As we have consistently stated, the Montgomery County Chamber of Commerce supports investment in the pillars of a strong community. In that spirit, we support priorities such as

- Public safety
- Education
- Transportation
- Health and Human Services

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However, we do not support an increase in the property tax as proposed in the County Executive's FY 17 Operating Budget and amended today because it does not further the goal of creating an environment of opportunity for business growth and success.

A property tax increase is not warranted for the following reasons:

**1) The Wynne Case is not justification for an increase in property taxes.**

The Wynne case has been cited as a major reason for the proposed increase. It is important to note that County officials have been aware of a likely ruling that would require loss of double taxed income in addition to restitutions of overpayment from previous years. It is simply not fair to shift the burden to property owners in the county now that the case has been decided by the Supreme Court. The county should consider using the rainy day fund or delaying the goal of a 10% reserve in order to fulfill an obligation that has been years in the making. This is true whether or not the General Assembly acts on legislation to lengthen the time allowed for paying back the funds.

**2) No change in DLC, no loss in revenue.**

A property tax increase was virtually assured if DLC were privatized. Yet, no change has been recommended to the DLC. The County Executive will be examining this issue in greater depth with a task force as directed by the Montgomery County Delegation to the Maryland General Assembly. It is premature to raise the issue of a property tax increase prior to those deliberations.

**3) The County Government has grown its budget in recent years by relying on an artificially high fuel energy tax that disproportionately and negatively impacts non-residential property owners and tenants.**

The County has relied on a 100% increase in the Fuel Energy Tax to fund increased government expenditures. The original 100% increase was to sunset in FY 13 but the County Executive and County Council retained the excessive tax that impacts non-residential consumers disproportionately. The tax provides \$80-\$100 million to the general fund. Since it is highly unlikely that the County Executive or the County Council will ever fulfill the sunset provision, the money collected from the excessive tax would be better spent if it were reinvested in improving the energy efficiency of Montgomery County Government buildings.

**4) The economic recovery in our county has not fully occurred as evidenced by 11 million square feet of empty office space - a 15% office vacancy rate.**

Research commissioned by the Montgomery County Planning Department highlights “unprecedented challenges confronting the Washington, DC region’s office sector, including high and rising vacancies, flat rents and slow absorption of new and relet space.” The trend is not going in the right direction...yet.

**5) The cost of doing business in Montgomery County continues to increase.**

In absence of real fiscal analysis of the impact of local legislation on small business in particular, anecdotal evidence continues to suggest that it is harder for businesses to grow and succeed in Montgomery County. The cumulative impact of the full force of recent local legislation must be tabulated in order to properly assess the ability of a business to persevere and succeed. An additional property tax that will be paid either directly or indirectly through higher rent will drive costs up and make Montgomery County less competitive as a place to locate and grow a business.

**6) With the new Economic Development Corporation and the reorganization of Work Force Development still under construction to address economic growth, any and all policies should support and complement these important efforts.**

We support the renewed focus on economic development and workforce development as well as initiatives articulated by the County Executive to support business success and economic growth. These efforts hold great promise but are not yet contributing to building a stronger local economy. All Montgomery County policies need to support these efforts in order for them to fulfill the promise of retaining and attracting business to create an environment for opportunity and success.

In conclusion, we need more businesses to choose Montgomery County – to locate here, to grow here - to create jobs for our residents and to sustain the quality of life we value.

We expect that you, members of the County Council, will prudently invest in key pillars of a strong community and exercise restraint by staying within the parameters of a budget that does not rely on a property tax increase. Economic growth is the solution to more revenue for the County. We therefore **respectfully request that you do not approve an increase in the property tax in the final FY 17 Operating Budget.**