

Resolution No.:	20-745
Introduced:	February 11, 2025
Adopted:	March 18, 2025

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsors: Government Operations & Fiscal Policy (GO) Committee

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:

Goal:

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

Objectives:

1. The workgroup must determine and assess the County's schools, transportation, and parks infrastructure needs, to include net new infrastructure and upgrading existing infrastructure to levels that meet capacity needs and County policy standards.
2. The workgroup must research a variety of funding mechanisms to fund future capacity needs for schools, transportation, and parks. The workgroup must consider new funding mechanisms in addition to reform of the current impact tax system. The objective is funding mechanisms that are equitable, predictable, and sustainable without undermining County priorities such as housing, climate resiliency, and economic development.

Composition, outreach, and final report:

3. The workgroup is made up of the following members:
 - a. 3 members of Council Central Staff, including a Chair, to be chosen by the Executive Director;
 - b. 2 representatives from the Montgomery County Planning Department, 1 of whom has regulatory expertise and 1 with policy expertise, 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, and the Office of Management and Budget, to be chosen by the County Executive; and
 - e. 1 representatives from Montgomery County Public Schools, to be chosen by the Superintendent of Schools; and
 - f. 1 for-profit and 1 non-profit developer.

4. The workgroup must conduct stakeholder outreach, including meeting with the Maryland Department of Transportation State Highway Administration (SHA), municipalities, and developers. The workgroup must solicit feedback from stakeholders both before and after developing its list of recommendations. The workgroup must 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 must update the GO Committee on its findings thus far, including an analysis of the County's current infrastructure needs, suggested funding mechanisms, racial equity and social justice (RESJ) considerations, and issues needing further study.
6. The workgroup must submit a final report to the Council 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 mechanisms that are equitable, predictable, and sustainable;
 - c. how any proposed funding mechanisms aligns with the County's values of environmental resilience, safety, and economic competitiveness;
 - d. how any proposed funding mechanisms align with the County's values on racial equity and social justice (RESJ), including the workgroup's efforts to address equitable community engagement, the context and data on racial and social inequity, alignment with best RESJ practices, anticipated RESJ impacts, and equitable implementation;
 - e. a copy of all feedback received; and
 - f. data and analysis to support any findings and recommendations.
7. The workgroup must 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