




Howard County

Internal Memorandum

Subject: Testimony on CB___-2025 – Reestablishing – Route 1 Tax Credit

To: Brandee Ganz, Chief Administrative Officer, Department of Administration

From: Lynda Eisenberg, AICP, Director, Department of Planning and Zoning (DPZ) 

Jennifer Jones, CEO, Howard County Economic Development Authority (HCEDA) 

Rafiu Ighile, Director, Department of Finance, Department of Administration 

Date: May 20, 2025

The Departments of Planning and Zoning (DPZ) and Finance, and the Economic Development Authority supports CB__-2025 which reauthorizes the "Renovated, Upgraded, or Rehabilitated Property Adjacent to Route 1 Tax Credit" (Route 1 Tax Credit), extends the credit for another five (5) years and establishes a sunset for the credit at the end of FY2031.

The Route 1 Tax Credit program encourages revitalization along the Route 1 corridor by offering a financial incentive, specifically a property tax credit, to owners to make exterior renovations or upgrades that improve the appearance of their properties. The program currently sunsets on June 30, 2026, and is available to owners of commercial and industrial properties of less than 15 acres with frontage onto Route 1 or in a targeted area of ElkrIDGE. Properties must be in compliance with all County codes and current on their property taxes to receive up to \$100,000 for exterior site or building improvements/enhancements. The tax credit runs with the property. The continuation of the program is supported by the County's recently adopted general plan as well as the Route 1 Corridor Plan (2023).

The Bill includes several provisions intended to enhance the attractiveness of the credit to property owners and align with the policies in the Route 1 Corridor Plan:

- Remove the size limit. Under the current authorization/legislation, eligible properties must be less than 15 acres. There are approximately nine (9) properties in the Corridor that are greater than 15 acres with significant Route 1 frontage. This could encourage greater participation and potentially have a greater visual impact on larger sites.
- Allow mixed-use properties to apply to the program; however, only approve tax credits for work that supports the commercial/retail/industrial component of a property/building.

Based on the County's land use database, this would make approximately eight (8) additional properties eligible to apply for the tax credit.

- Remove tax credit cap of \$100,000 per project and per property but keep landscaping enhancements capped at \$100,000. This may allow for more visually transformative projects, especially on larger sites.
- Allow flexibility to prioritize impactful projects if demand increases. Legislation currently requires tax credits to be reviewed and approved in the order that applications are received. If demand increases, removal of this requirement from the legislation would allow DPZ, EDA and Finance to establish a process for identifying and prioritizing tax credits for the most impactful projects.
- Extend the credit for another five (5) years and sunset the credit as of the end of FY2031.

The Route 1 Tax Credit program has been operating for approximately 10 years and granted \$1,313,023.71 in property tax credits. It has supported improvements to 19 commercial and industrial properties, thus enhancing the aesthetics in the corridor. With these legislative changes, the continuation of the program and interagency partnerships, this program will continue to enhance and revitalize the Corridor and Elkridge and support the Corridor's commercial and industrial property owners. Given the reasons stated above, DPZ, Finance and the EDA supports Council Bill __-2025 and respectfully requests the Council's favorable consideration.

Fiscal Impact

The fiscal impact of this bill will be \$250,000 a year or \$1.25 million over five (5) years, assuming that the cap is met each year. While the bill does not change the maximum liability for the county, changes included in this amendment could have an impact on the number of applications or size of projects approved each year.

cc: Jennifer Sager, Legislative Coordinator, Office of the County Executive
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