

From: Joe Shashaty

Date: 1/16/2025

Councilmembers and Staff:

Understanding that today, 1/16/15, is the last day to add to the official record of the public hearing held on 12/3/24 for Expedited Bill 22-24, I request that the following be added:

Distinguished Councilmembers,

My name is Joe Shashaty, and I am a resident of Silver Spring. I write, today, in relation to Expedited Bill 22-24.

The purpose of the bill is clear. The county seeks to encourage development, and the bill supports this by delaying the collection of impact tax from about the time of permit to about the time of final inspection. This allows an entity pursuing development to avoid loss of the time value of money that they might need to borrow or otherwise could not invest.

The financial analysis of the bill by OMB also suggests that this is revenue neutral. We would expect the same taxes to be collected on a project either under the current collection regime or under the proposed regime. While an entity might be incentivized to hold on a permitted project due to the lower carrying cost, I expect such an effect would be marginal, and might well be countered by an expectation of greater overall development that the bill would encourage, if passed.

However, the delay in collection leaves a cash flow gap for the county, itself, some \$9 million in the first year and close to \$7 million in the second year before smaller negative flows lead to an increase in the sixth year. This is of particular concern because it suggests that these cash flows would not be available to fund the school (and transportation) projects during those years. If left unmitigated, this could lead to delays in construction of a number of years, where we know that projects related to adequate capacity and condition of schools, in particular, are woefully behind, already. As these capital projects are delayed, associated greater operational costs arise -- it is not just a matter of capital expenditure.

Therefore, I firmly request that you consider this bill only with a mechanism for such cash flow mitigation. If that would require the County to pursue financing of its own, that cost should be part of the consideration. Privatizing profit at public expense can make sense to move the market towards a desired outcome. However, we should pursue such with eyes open to the full effects, accepting or mitigating them, as appropriate.

Additionally, while it is true that the needs for roads and schools would come at the time of occupancy, the lead time to plan and execute the related projects take many years of lead time. Suggesting that it is the right thing to do to collect impact taxes to fund these projects at the time of occupancy would miss this important aspect of public works financing.

Finally, I am concerned that no MCPS representation appeared at the public hearing. As this directly impacts funding for MCPS, I would hope that significant coordination happen between the Council, County staff, MCPS and the Board of Education prior to further legislative action. School funding, and its timing, should be held harmless in this matter.

Thank you for your time.

Respectfully,

Joe Shashaty