

**March 20, 2026**  
**Montgomery County Council Infrastructure Funding Workgroup**

9:00 AM **Call Meeting to Order**

9:00 AM **Review and Approve minutes for February 6, 2026 workgroup meeting**

The draft minutes are attached.

9:05 AM **Update – February 26 Government Operations and Fiscal Policy Committee Update**

The Workgroup will receive an update about the presentation to the Council's Government Operations and Fiscal Policy Committee.

9:15 AM **Discussion – Workgroup observations and findings**

The Workgroup will review and discuss the observations and findings previously discussed to inform its discussion about revenue sources. The Workgroup is expected to finalize these observations and findings for the purposes of the presentation to the public for feedback.

9:45 AM **Discussion – Revenue options and evaluation**

The Workgroup will discuss and evaluate each of the revenue options previously shared. Attached is background information about the different revenue options. Also, attached are worksheets to be used by the Workgroup to evaluate each revenue option based on the criteria in the Council resolution.

The Workgroup is expected to complete the worksheets for each of the revenue options. Based on the evaluation, the Workgroup is expected to recommend specific revenue options for stakeholders and public feedback.

11:00 AM **Break**

11:10 AM **Discussion – Public outreach and feedback approach**

The Workgroup will discuss and finalize an approach to share the Workgroup's findings and recommendations with the public and solicit feedback. Attached is a draft document detailing most of the categories for the Workgroup's discussion.

The Workgroup is expected to finalize an approach, so it can work with appropriate agency partners to implement the approach.

12:15 PM **Adjourn**

## Montgomery County Council Infrastructure Funding Workgroup

### DRAFT MINUTES

Friday, February 6, 2026

10:05 AM to 11:35 AM

Council Office Building, Capital Crescent Trail Conference Room, 4th Floor

#### Present Members

- Gene Smith, County Council Staff
- Livhu Ndou, County Council Staff
- Bilal Ali, County Council Staff
- Darcy Buckley, Montgomery County Parks Department
- Andrea Swiatocha, Deputy Chief, Division of Facilities Management (MCPS)
- Gary Nalven, Montgomery County Office of Management and Budget
- Todd Fawley-King, Montgomery County Department of Finance
- Haley Peckett, Montgomery County Department of Transportation (MCDOT)
- Katie Mencarini, Montgomery County Planning Department
- Robert Goldman, Montgomery Housing Partnerships

#### Absent Members

- Lisa Govoni, Montgomery County Planning Department
- Mike Henehan, Bozzuto Development Company

#### Other County and Agency Staff Participating

- Stephen Kenny, County Council Staff

#### **Call to Order**

The meeting was called to order at 10:05 AM.

#### **Action – Approval of January 23 Minutes**

The minutes from the January 23, 2026 meeting were reviewed and approved without objection.

#### **Discussion – Preparation for February 26 Government Operations and Fiscal Policy Committee Update**

The Workgroup reviewed draft materials for the committee's update scheduled for February 26, 2026.

The following comments were made by members to clarify or refine certain talking points for the committee:

- Highlight the breakdown of time spent by the Workgroup, with most of the time spent on data gathering and refining to date.
- Highlight that Planned Lifecycle Asset Replacement (PLAR) was defined more broadly by the Workgroup than the limited projects with this moniker in the Capital Improvements Program (CIP).

- Update “Net New Capacity” to “New Capacity” as a definition category and remove mention “due to population growth” to include broader reasons for these expenditures (e.g., modal shift in the transportation sector).
- Double-check the aggregate values in the tables for current CIP expenditures and estimated deferred maintenance values.
- Highlight that the deferred maintenance tables were updated by the Workgroup (i.e., Old Vs. New) because the backlog column in the old versions were not useful.
- Include a note that the Workgroup is working on unconstrained policy investments and those values will be included in the report.
- Include additional talking points related to the County’s CIP, including prior growth trends and that most development is infill in the County.
- Create a line graph for the demographic trends (e.g., population and enrollment values).
- Consider including a trend line for vehicle miles traveled (VMT), which the County’s Department of Transportation will review and propose a data set for the Workgroup.
- Consider including a trend line for park permits, which the Parks Department will review and propose a data set for the Workgroup.
- Highlight that the trend lines are moving in different directions (i.e., enrollment trends do not track with population growth trends).
- Highlight that the Workgroup’s discussion of impact taxes is still in the early stages and will be reviewed in more detail during the funding options discussion.
- Highlight that the Workgroup will review the racial equity and social justice impacts with the different funding options.

The Workgroup, in addition, supported meeting on March 20, 2026 for its next meeting, so it could include the County Executive’s recommended FY27 Operating Budget as part of the discussion.

### **Adjournment**

The meeting was adjourned at 11:35 AM.

## Previously discussed observations

- Construction costs continue to increase year-over-year
  - Inflation and market conditions are both increasing costs.
  - Planning, design, and supervision are increasing total project costs.
  - Infill development increases overall costs when compared to greenfield development.
  
- County's infrastructure funding is focused on PLAR/Maintenance and Renovations/Upgrades
  - Result of growing and building for many decades.
  - Slowing population and enrollment growth.
  - Reality of infill development Vs. greenfield development.
  - Competing policy decisions.
  
- County's Capital Budget relies on uncertain revenue sources
  - Capital budget is a blend of many revenue sources.
  - Development and real estate trends affect impact and recordation taxes.
  - Federal and State funding influence new capacity projects.
  - Policy decisions impact current revenue.

Each of the following funding mechanisms would have a **negative or minimal impact** on racial equity and social justice for BIPOC community members:

**Sales Tax:** *tax on the sale, transfer, or exchange of certain goods and services*

Sales taxes are widely used by state and local governments because they generate stable and predictable revenue. During the Great Depression, many states adopted sales taxes to reduce the reliance on property taxes and shift the tax burden from property owners to consumers. Support for these policies was shaped by racialized political rhetoric. In Mississippi, [Governor Mike Conner](#) touted the adoption of sales tax as useful means to expand the tax base to include low-income Black residents who were less likely to own property.

Economists generally consider sales taxes as regressive because [lower-income households spend a larger share of their income on taxable goods and services](#) than higher-income households. The Institute on Taxation and Economic Policy states that [the lowest income 20 percent of taxpayers pay 7 percent of their income towards sales taxes](#). In contrast, the top 1 percent pay a 1 percent rate. Systemic barriers to employment opportunities, higher education, and fair housing have exacerbated income and wealth disparities among Black and Latinx communities. As a result, these households have limited opportunities to accumulate savings and spend a larger share of their income on everyday consumption, resulting in a disproportionate impact of sales taxes on Black and Latinx households. Sales tax is considered to have a negative impact on racial equity and social justice.

**Ad Valorem Real Property Tax:** *tax based on the assessed value of real estate or personal property*

Property taxes are the [largest source of general tax revenue](#) for state and local governments. Although property taxes are considered a more progressive tax structure, they still produce significant equity concerns due to systemic discrimination in housing and land ownership, including exclusionary zoning and redlining. Historically, discriminatory tax assessment practices contributed to racial inequities in property taxation. In the Jim Crow South, white tax assessors often over-assessed Black-owned properties, increasing the tax burden for Black property owners. These households were also denied access to critical resources to support tax payments, [leaving them vulnerable to property loss due to delinquency](#).

Discriminatory assessment practices continue in the 21<sup>st</sup> century. Studies show that [homes in majority Black neighborhoods are over-assessed](#) than comparable homes in white neighborhoods, even after accounting for housing characteristics and market. Homes are also [appraised at lower values](#) in communities of color than in white neighborhoods. Black homeowners [pay between 10 and 13 percent more](#) in property taxes than white homeowners in the same jurisdiction with comparable homes. These practices limit wealth building for Black and Latinx families and reinforces racial disparities in homeownership and wealth accumulation.

**Tax Increment Financing:** *public financing mechanism that uses takes on future gains in real estate value to pay for new infrastructure improvements*

TIFs are often used to incentivize investments in underdeveloped or economically distressed communities. In response to reductions in federal funding for urban renewal programs, [states such as California](#) expanded the use of TIFs as a tool to publicly finance redevelopment projects.

Critics argue that TIFs may contribute resource diversion, displacement, and reduced funding for public services. Funds that would otherwise be used to support schools, transportation, and other public services

may be redirected to subsidize redevelopment projects. For example, [in Chicago](#), TIFs take about 16 percent of all property tax dollars collected; this reduced public schools' share of tax dollars from 56 cents to 45.6 cents. Low-income areas are put at further disadvantage when competing with more affluent communities that attract other development subsidies. Redevelopment projects in TIF districts can also contribute to unintentional displacements when [redevelopment increases property values and rents](#), making it difficult for long-term residents and small businesses to stay in the area.

**Development Impact Tax:** *tax assessed on new residential and commercial buildings and additions to commercial buildings to fund public infrastructure needed to accommodate that development*

Like TIFs, [development impact taxes emerged in the late 1970s and 1980s](#) as local governments sought to address reductions in federal funding for redevelopment projects. Although developers bear a larger share of the tax burden, impact taxes can shift the cost of new public infrastructure from existing residents to new residents through increased housing prices. This would disproportionately impact Black and Latinx homeowners and renters and exacerbate an existing affordable housing crisis.

In its assessment, the Council's Office of Legislative Oversight finds that [impact fees may exacerbate racial disparities](#) by benefitting existing homeowners, who are more likely to be white, and place additional costs on new community members, who are more likely to be people of color. These fees can also decrease the development and supply of affordable housing. A Texas study showed that "homes in areas with impact fees are [1.44 percent and 6.5 percent higher than areas without impact fees](#)," increasing property taxes and negatively impacting housing affordability. In Montgomery County, homeownership rates are higher among white and Asian residents than those among Black and Latinx communities. Development impact taxes may reinforce existing disparities in homeownership and wealth accumulation.

**Square Footage Excise Tax:** *tax measured by number of square feet of building rather than its value*

The state of Maryland began its use of building excise taxes in the late 1990s and early 2000s. Square footage excise taxes are generally considered regressive because they are based on property size rather than household income. Lower-income households are more likely to own smaller or older homes and pay a larger share of their income towards these taxes. Black and Latinx homeowners may face additional inequities due to biases in property assessment and appraisals. For example, in [Berkeley, California](#), some properties have been assessed at higher values than their recorded square footage, and homes with unfinished basements or other inhabitable areas are sometimes included in assessments, increasing tax liabilities. When coupled with the existing disproportionate impacts of property taxes, square footage excise taxes and further widen racial disparities in homeownership and limit wealth accumulation for Black and Latinx households.

## **Proposed Definitions**

### **Equity**

Ratepayers from marginalized communities disproportionately benefit from the rate.

### **Predictable**

Funding mechanism's revenue estimates and actuals are close to equal.

### **Sustainable**

Funding mechanism revenue increases at a commensurate rate with the County's infrastructure needs.

## **List of Funding Mechanisms**

- 1) Current Revenue
  - a. General (i.e., annual policy decisions by the Council)
  - b. Dedicated Current Revenue (e.g., policy resolution or County Code change)
- 2) Development Impact Taxes
- 3) Square Footage Excise Tax
- 4) Ad Valorem Real Property Tax
  - a. General rate increase
  - b. Transportation Special Taxing District
  - c. Development District
- 5) Tax Increment Financing
- 6) Sales Tax

**CURRENT REVENUE**

Background

General tax revenues that are appropriated annually by the Council.

Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

Equity

Strengths	Weaknesses

Predictability

Strengths	Weaknesses

Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

## DEVELOPMENT IMPACT TAXES

### Background

Taxes assessed on new residential and commercial development with the purpose of funding infrastructure related to the additional residents or businesses from that development.

### Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

### Equity

Strengths	Weaknesses

### Predictability

Strengths	Weaknesses

### Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

## SQUARE FOOTAGE EXCISE TAX

### Background

A tax on the total square footage of an improved real property.

### Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

### Equity

Strengths	Weaknesses

### Predictability

Strengths	Weaknesses

### Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

**AD VALOREM REAL PROPERTY TAX RATE**

Background

Tax on the assessed value of a real property.

Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

Equity

Strengths	Weaknesses

Predictability

Strengths	Weaknesses

Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

**TAX INCREMENT FINANCING**

Background

Public financing mechanism that forgoes the increase future real property tax revenue from a development to pay for debt of that development.

Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

Equity

Strengths	Weaknesses

Predictability

Strengths	Weaknesses

Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

## SALES TAX

### Background

Tax on the sale, transfer, or exchange of certain goods and services.

### Recommended Usage

MCPS			Parks			Transportation		
PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity	PLAR	Upgrade	New Capacity

Can this funding mechanism be locally serving? (Y/N)

If locally serving, is it restricted to certain uses? (Y/N)

### Equity

Strengths	Weaknesses

### Predictability

Strengths	Weaknesses

### Sustainability

Strengths	Weaknesses

Environmental Resilience

Strengths	Weaknesses

Safety

Strengths	Weaknesses

Economic Competitiveness

Strengths	Weaknesses

Summary of Key Observations

**Overall rating (or recommendation):**

Strengths	Weaknesses

Additional Comments

# Public Outreach Approach – Discussion Topics

## Background Materials

Provide a one- to two-page summary of the Workgroup’s findings and proposed funding mechanism in plain language to increase understanding of the materials and ease translation into other languages.

## Questions to prompt feedback

- Should the County seek new revenue sources to improve maintenance of roads, schools, and parks? Or would you prefer new maintenance to come at the cost of fewer new projects?
- The Workgroup has identified potential revenue sources to improve maintenance of schools, roads, and parks. Are you willing to pay more in taxes or fees? If so, what taxes or fees do you support.
- Which of these (attached) unconstrained investment packages would be worth paying for additional sales and/or property taxes?

## Options to solicit feedback

Below are options the Workgroup will consider and are not mutually exclusive.

- 1) Online portal/comments section on the Infrastructure Funding Workgroup website.
- 2) Direct solicitation to identified community groups (e.g., HOAs)
  - a. Share the portal/comments link AND
  - b. Offer option for direct feedback to WorkGroup, either direct email or
- 3) Host public meetings within the community
  - a. Identify target geographies (e.g., County Regional Service Areas)
  - b. Identify host site
  - c. Identify number of meetings
- 4) Host a public hearing at the Council Office Building, Montgomery County Planning, or both

## Additional Items for Consideration

- Identify agency and local partners for collaboration opportunities on public feedback.
- Develop the marketing campaign for all feedback options selected.
- Determine if the public meetings will have a sign-up option or not.
- Determine if the public meetings will provide translation services.
- Determine if the public meetings will have a time limit or open forum.

## **Stakeholder Follow up**

### **Background Materials**

Provide a one- to two-page summary of the Workgroup's findings and proposed funding mechanism.

### **Option to solicit feedback**

Request feedback through previously solicited stakeholders.

DRAFT