

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1580

(Chair, Ways and Means Committee)(By Request -
Departmental - Maryland Economic Development
Corporation)

Ways and Means

Economic Development - Maryland Enhanced Tax Increment Financing (TIF)
Districts

This departmental bill authorizes the Maryland Economic Development Corporation (MEDCO) to issue bonds for a Maryland enhanced tax increment financing (TIF) district, on approval from the Board of Public Works (BPW). On the recommendation of MEDCO, BPW may authorize the pledge, by the State, of alternative revenues to projects in a Maryland enhanced TIF district, including all or a portion of the incremental sales taxes from the Maryland enhanced TIF district and all or a portion of the incremental income taxes from the Maryland enhanced TIF district. The bill also makes technical and conforming changes. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: No effect in FY 2026. Nonbudgeted revenues and expenditures for MEDCO increase, potentially significantly, beginning in FY 2027 to the extent MEDCO issues bonds for Maryland enhanced TIF districts.

Local Effect: Local government revenues and expenditures may increase, potentially significantly, beginning in FY 2027 as local revenues are raised, pledged to Maryland enhanced TIF district bonds, and used for eligible purposes.

Small Business Effect: MEDCO has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary: “Maryland enhanced TIF district” means a development district with a development project or plan (1) that either includes a convention center or is within one-half mile of a transit station in the State; (2) that exceeds \$500.0 million in total project costs; and (3) for which the local jurisdiction has approved TIF.

Current Law:

Maryland Economic Development Corporation

MEDCO is a nonbudgeted entity created in 1984 by the General Assembly to assist business and governmental entities through ownership, financing, and development of real and personal property projects. MEDCO purchases or develops property that is leased to others and makes loans to companies throughout the State to maintain or develop facilities. MEDCO has broad powers to finance projects and most often is a conduit issuer of tax-exempt revenue bonds to an eligible tax-exempt borrower. MEDCO has also issued bonds to finance projects that it owns and operates; MEDCO-owned projects consist mostly of student housing projects. Generally, MEDCO debt is not debt of the State, and there is no implied State guaranty or State obligation to protect bondholders from losses.

Tax Increment Financing

Pursuant to Title 12, Subtitle 2 of the Economic Development Article (Tax Increment Financing Act) and Article II, § 62 of the Baltimore City Charter, counties, municipalities, and Baltimore City may, by resolution, designate TIF districts and issue bonds to finance the development of industrial, commercial, or residential areas. Before issuing bonds, the local governing body must receive from the Supervisor of Assessments a certificate of the amount of the original or adjusted assessable base (as applicable) and pledge real property tax revenues imposed on incremental increases in the valuation to a special account, which may be used to pay debt service on the bonds and for other specified purposes.

Background: MEDCO has more than 40 years of experience putting together complex revenue bond deals that include a variety of revenue inputs, including, but not limited to, several TIF-based transactions. MEDCO advises that the bill gives it stronger financing tools to assemble infrastructure and close funding gaps and allows it to advance and effectuate more complex economic development projects statewide.

Additional Comments: The State Treasurer’s Office advises that because the financing mechanisms pursued by MEDCO under the bill may be supported by State sales and/or income tax revenue, this could result in a determination that the debt is State debt and have constitutional debt implications.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Economic Development Corporation; Comptroller's Office; Maryland State Treasurer's Office; Board of Public Works; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2026
jg/ljm

Analysis by: Thomas S. Elder

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Economic Development - Maryland Enhanced Tax Increment Financing (TIF) Districts

BILL NUMBER: HB1580

PREPARED BY: Katie Parks, VP of Advisory & Consultancy Services, MEDCO

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

TIF investments may provide benefits to small businesses by engaging them in various stages of project development, including design, planning, and construction. Additionally, small businesses may also benefit as end users of completed buildings or as beneficiaries of broader economic growth in local communities.