


Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 5, 2009

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: County Executive Economic Stimulus Program

On December 19, 2008, County Executive Isiah Leggett announced an eleven-point economic stimulus program to boost the Montgomery County economy. Preliminary indications are that the plan could mean a reduction of approximately \$50 million in development impact taxes and development fees. The plan as announced may have an impact on revenue expected to fund Montgomery County Public Schools (MCPS) capital budget projects in the coming year. A copy of the news release announcing Mr. Leggett's plan is attached.

Mr. Leggett's proposal includes permission to defer certain payments for up to one year, including permitting fees and impact taxes. It increases the expiration period for building permits to 18 months and also delays the effective date of new regulations and legislation that would have a substantial impact on business. In addition to these delays and deferrals, Mr. Leggett would stimulate business activity by increasing the required percentage for local business in county contracting, unbundling some large county contracts to benefit small businesses, and improving outreach to local small businesses. Some of these steps may be put into effect by executive direction, but others will require County Council approval.

Several MCPS capital projects may be affected by delays in collecting development impact taxes unless the county backfills any lost revenues with other sources. The following projects have impact tax revenues programmed in FY 2010:

- Walter Johnson High School Modernization
- Clarksburg Elementary School #8
- East Silver Spring Elementary School Addition
- Fairland Elementary School Addition
- Fox Chapel Elementary School Addition
- Jackson Road Elementary School Addition
- Poolesville High School Addition

I will keep you informed of future developments as the County Council begins its review of the MCPS budget. If you have any questions, please call Mr. Larry A. Bowers, chief operating officer, at 301-279-3626.

JDW:sz

Attachment

Copy to:

Executive Staff



MONTGOMERY COUNTY, MARYLAND

News Release

For Immediate Release: 12/18/2008

Leggett Announces Eleven Point Package to Aid County Businesses Caught in Recession

County Executive Isiah Leggett, supported by Councilmembers and local business leaders, today announced an eleven-point program designed to ease some burden on local businesses suffering from the national economic downturn and to preserve jobs.

The proposal would delay the effective dates of new regulations and legislation with a substantial impact on business, increase County purchasing of Montgomery County goods and services, allow deferral for up to one year of County permitting fees and impact taxes, extend expiration periods for permit applications for new construction and inactive building permits, and extend the validity period for existing Adequate Public Facility reviews from five to seven years.

The program also would require an economic impact analysis on business for all new legislation and regulations.

“Montgomery County business is hurting,” said County Executive Leggett. “Much of that hurt is beyond the ability of local government to change. But what we can do, we should do – and do it now. This is a beginning.

“This eleven-point program extends a modest life-line to residential and commercial construction stuck in the mud of the national recession. It makes several changes to our Local Small Business Reserve Program to do more local buying by the County. It seeks to help preserve County jobs.

“We have crafted a proposal centered on fee deferrals, extensions of expiration dates, and delays in the effective dates of new regulation with an eye toward helping County business and workers while costing County government itself as little as possible in these difficult fiscal times.”

“The County Executive’s proposals represent a good helping hand to County businesses,” said County Council President Phil Andrews.

“We are pleased that the County Executive and the Council have heard our ideas and we look forward to working with them,” said Ginanne Italiano, president of the Bethesda Chamber of Commerce.

“We are committed to preserving jobs in the County and preserving our tax base,” said Councilmember Nancy Floreen, in supporting the County Executive’s proposal.

“This is a time when County government has to step back and give County businesses more flexibility,” said Councilmember George Leventhal. “I’m especially happy that we are expanding our Local Small Business Reserve program. These are good solid steps.”

“We are in an unprecedented fiscal situation,” said Councilmember Duchy Trachtenberg. “The vitality of the business community is essential. I applaud the County Executive on this proposal.”

That proposal includes:

1. Increase Local, Small Business Reserve Program (LSBRP) gross annual sales thresholds for local small businesses in the wholesale, retail and services sectors to \$5 million from the current levels of \$2 million for wholesale businesses or \$2.5 million for retail goods and non-construction services, and to \$14 million from \$7 million for construction services and manufacturing. Also proposed is to increase the employee complement limits from 15 to 30 for wholesale and retail businesses, from 20 to 40 for manufacturing businesses, and from 25 to 50 for businesses in the service and construction sectors.
2. Increase the required percentage of Local, Small Business Reserve Program (LSBRP) participation in annual contracting from the present level of 10% to 20%.
3. Generally, delay up to 18 months, the effective dates of new legislation and regulations that have a substantial economic impact on business.
4. Allow, upon request, deferral of payment of permitting fees and impact taxes for a period of up to twelve months from their current due date.
5. Increase permit application expiration period to eighteen months for those permits associated with new residential and commercial construction.
6. Increase expiration period for inactive building permits to twelve months.
7. Extend the validity period for existing Adequate Public Facility reviews from five (5) years to seven (7) years.
8. Provide an economic and fiscal impact analysis as part of any legislation or regulatory change. The analysis to include an assessment of the impact on both the County and the parties being regulated.
9. Unbundle large County contracts. County requirements that have traditionally been bundled together for administrative and cost savings benefit should be scrutinized as candidates for unbundling.
10. Create a Local Business Networking Forum to provide networking opportunities for small businesses to connect with potential partners.
11. Hold business fairs in the evenings and/or weekends at several county locations, such as the Regional Services Centers. Limit participation to small businesses with annual revenue of \$5 million or less.

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