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**SB 393**

March 30, 2022

**TO:** Members of the House Ways and Means Committee

**FROM:** Natasha Mehu, Director, Office of Government Relations

**RE:** Senate Bill 393 – Economic Development – Project Restore Program & Fund

**POSITION: SUPPORT**

Chair Atterbeary, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 393.

In June 2021, the Maryland Department of Housing & Community Development (DHCD) launched the \$25 million emergency recovery initiative known as Project Restore.<sup>1</sup> This initiative incentivized small businesses and commercial developers to revitalize vacant retail and commercial space. The rental grants and sales tax rebates offered by DHCD offset startup costs and incentivized commercial investment in vacant spaces that had not generated sales tax receipts for six months. SB 393 will make this initiative permanent by establishing the Project Restore Program & Fund within DHCD and it would open the fund to nonprofit organizations.

More than 800 applications came into DHCD from across the State, requesting a total of over \$75 million.<sup>2</sup> In December 2021, the Governor announced the first round of awardees – 144 businesses in 23 of the State’s jurisdictions.<sup>3</sup> Small businesses can qualify for rental subsidies of \$2,500 per month for 12 months to offset startup costs during their first year – a value of up to

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<sup>1</sup> N.A. (28 Jun. 2021). “Governor Hogan Announces \$25 Million Initiative to Revitalize Downtowns & Main Streets.” *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://news.maryland.gov/dhcd/2021/06/28/governor-hogan-announces-25-million-initiative-to-revitalize-downtowns-and-main-streets/>.

<sup>2</sup> N.A. (Dec. 2021). “Governor Hogan Announces \$10.8 Million in Project Restore Awards to 144 Businesses.” *The Office of Governor Larry Hogan*. Retrieved 18 Feb. 2022 from: <https://governor.maryland.gov/2021/12/20/governor-hogan-announces-10-8-million-in-project-restore-awards-to-144-businesses/>.

<sup>3</sup> Ibid.

\$30,000.<sup>4</sup> Under the Program, businesses can qualify for sales tax relief rebates equal to their sales tax receipts for the 12-month period – up to \$250,000.<sup>5</sup> Significantly for Baltimore City, DHCD has tiered eligibility along the More Jobs for Marylanders model, which places Baltimore City, Baltimore County, Prince George’s County, the three Western Panhandle counties, and seven Eastern Shore counties in Tier 1. Companies in these jurisdictions can receive the sales tax relief rebate for two years of operation, rather than one. This renders a value of up to \$500,000.<sup>6</sup>

The retail industry has long faced challenges from ecommerce, and the COVID-19 pandemic accelerated this trend.<sup>7</sup> The City’s economic development agency, the Baltimore Development Corporation, has developed a strategy to make it easier for companies to invest and operate Downtown and in the City’s many neighborhoods. Project Restore has brought much-needed reinforcements to these efforts. We believe that the permanent establishment of the Project Restore Project & Fund will greatly benefit Maryland communities, particularly those in urban, suburban, and rural areas hardest hit by years of disinvestment.

For these reasons, the BCA respectfully requests a **favorable** report on Senate Bill 393.

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<sup>4</sup> N.A. (n.d.). “Notice of Funding Availability: Project Restore.” *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://dhcd.maryland.gov/Pages/ProjectRestore/NOFA.aspx>.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> N.A. (2021). “Baltimore Together: A Platform for Inclusive Prosperity.” *The Baltimore Development Corporation*. Retrieved 18 Feb. 2022 from: <https://www.baltimoretogether.com/>.