

www.baltimoresun.com/news/local/politics/bal-md.brac21feb21,0,4818822.story

baltimoresun.com

BRAC idea raises tax issue

Proposal to help fund local improvements meets resistance

By Timothy B. Wheeler

Sun reporter

February 21, 2008

State and local officials urged lawmakers yesterday to enact legislation that they say will make sure private developments on Maryland military bases pay their fair share for the new roads, water and sewer lines needed to accommodate an influx of military jobs into the state.

Backers of Gov. Martin O'Malley's proposal to allow local governments to negotiate payments in lieu of taxes for the projects say that is the only equitable way to deal with the off-base impacts of such developments.

An Army official and representatives of developers aiming to build at Aberdeen Proving Ground and Fort Meade warned that the legislation could siphon money away from needed maintenance and upgrades at the state's military bases and could kill the projects.

With a nationwide military base realignment expected to bring as many as 28,000 new households and up to 60,000 jobs to the state over the next several years, the administration has proposed a bill aimed at steering base-related growth into areas in need of redevelopment, while also providing a way to help local and state governments pay for the needed transportation and utility improvements.

Lt. Gov. Anthony G. Brown, who has spearheaded the administration's efforts to respond to the growth expected from Base Realignment and Closure, explained to members of the House Economic Matters and Ways and Means committees that the bill was the product of nine months of consultation with local officials whose communities are most likely to be affected by the influx.

The bill would allow local governments to designate "BRAC zones" where they could receive state help in paying for the infrastructure needed to serve commercial and some residential development. That help would come in the form of rebates to localities from the state for the additional taxes collected from the property as a result of its development. The rebates could only be used to pay for improvements made in the zone.

Such an approach would prevent additional sprawl in Maryland, said state Planning Secretary Richard E. Hall, by steering base-related development to areas best suited to handle it, with ready access to transit and adequate roads and utilities. Base expansion is expected to account for up to 23 percent of the state's growth until 2015, he said.

Local officials welcomed the zones, which they likened to the federal "enterprise zones" established years ago to encourage redevelopment of blighted areas

Environmentalists and smart-growth advocates also praised the measure, but urged lawmakers to tighten the requirements for BRAC zones to ensure they are close enough to bases and to public transit that they minimize traffic and sprawl.

"This will help ensure we are using our dollars - our scarce dollars - as wisely as possible," said Dru Schmidt-Perkins, executive director of 1000 Friends of Maryland.

The zones drew broad support, but the provision in the bill authorizing state and local governments to seek payments from private developments on military bases sparked friction. Anne Arundel officials, in particular, have publicly pressed for help in defraying the cost of road improvements around Fort Meade. A \$700 million office park being built on base by Trammell Crow Co., a Texas-based developer, is expected to generate additional a traffic in the area.

Tom Kretschmar, who helps negotiate private development leases nationwide for the Army Corps of Engineers, said such projects typically do pay taxes, but only for the local services they use. In the case of Fort Meade, Army officials have maintained that the base, is providing all the police, fire and other services for the office park that a local government typically does, so paying the county for them would amount to double taxation.

The private developments help bases pay for maintenance and for services provided to military personnel and their families that the Pentagon does not fully fund, Kretschmar said. Whatever payments state and local governments extract will be subtracted from what's available, he said.

"Potentially, the worst-case scenario, it would kill those projects," he said.

Mark Corneal, a senior vice president at Trammell Crow, said the company has pledged to pay for any road improvements around Fort Meade that are directly tied to the traffic its office park generates. But he and other developers urged lawmakers to take into account all the benefits the Army base provides to the surrounding community and not to allow local and state officials to be able to use the threat of taxes as a lever in extracting payments from the bases.

The lieutenant governor said after the hearing that the administration remains open to discuss many provisions of the bill but remained firm on seeking payments from private developments on bases.

Such projects avoid having to pay the impact fees levied on private developments by local governments to defray the cost of roads and other services, he said, so exempting them from taxes altogether would give the on-base developers an unfair edge over off-base developments in attracting tenants. Off-base developments pay taxes and fees.

"We cannot ask Maryland taxpayers to subsidize private development on a military installation," Brown said.

tim.wheeler@baltsun.com

Copyright © 2008, [The Baltimore Sun](#)