

Gaithersburg-Germantown Chamber of Commerce, Inc.

 Adventist HealthCare
Shady Grove Medical Center

 ASBURY
Methodist Village
Anticipate More

 THE
BRANDED
COMPANY

 DOUBLE TREE
by Hilton

 DOWNTOWN
CROWN

 GAITHERSBURG CPAs
EXTRAORDINARY CLIENT SERVICE FROM A TRUSTED ADVISOR

 HC HOLY CROSS
HEALTH

 HUGHES
An EchoStar Company

 Lerch Early Brewer

 MATAN

 Mid-Atlantic
Federal Credit Union

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ESTD. 1972

 MC MONTGOMERY
COLLEGE

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 RODGERS
CONSULTING Knowledge
Creativity
Enduring Values

 SUPPORTING
strategies

May 12, 2025

County Council President Kate Stewart
Members of the County Council
Council Office Building
100 Maryland Avenue
Rockville, MD 20850

Council President Stewart and members of the County Council,

I am Paula Ross, President & CEO of the Gaithersburg-Germantown Chamber of Commerce, writing to you on behalf of over 450 businesses along the upper I-270 corridor. Our Chamber serves Gaithersburg, Germantown, Clarksburg, and Damascus, with over 65% of our members comprising small businesses with fewer than 10 employees. We celebrate the rich diversity of our communities, two of which rank among the three most culturally diverse in the nation.

The purpose of this letter is to provide comments and feedback on the County Executive's proposed FY26 budget from our Chamber members. We recognize that you have a difficult job in balancing the County's budget. We wish to offer our support for important initiatives and express concern for any new tax and fee increases to our businesses and residents.

SUPPORT FOR INITIATIVES

GERMANTOWN TOWN CENTER & ECONOMIC DEVELOPMENT INITIATIVES:

One of any Chamber of Commerce's primary mission responsibilities is promoting economic development. Through your support with the Emerging Business District grant, we have been able to make progress in understanding what might make Germantown Town Center thrive over time. While there is much work to be done, as this is intended as a three-year project, we appreciate your commitment to this important economic development work. I also really appreciate the time many of you have taken to meet with me one on one to learn more about this work. As always, we would be happy to continue those conversations and meet with more of the council members individually to share progress.

Our Chamber is also supportive of increased funding to Small Business Support initiatives. We understand that some county partners have been unable to deploy all of their funding in this program over time, and we support re-deploying those funds to deserving initiatives that will drive outcomes for small business owners in Montgomery County. Likewise, we are supportive of the proposal to privatize the operations of our County's three incubators, to push our emerging businesses in these incubators forward in new ways.

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PUBLIC SAFETY:

We also express our support for public safety initiatives such as the Drone as a First Responder program in Germantown. This program has been a big success in other parts of the county, providing our public safety personnel much-needed first-responder support.

MONTGOMERY COLLEGE:

Our members also appreciate and support the County Executive's recommendation to fund Montgomery College's full request. Montgomery College has been an excellent partner to our business community in workforce development.

CONCERNS FOR TAXES AND FEES

However, we are concerned about the County Executive's proposed budget with regard to increased taxes and new fees. Many will be struggling with the financial impact of recent legislative changes in Annapolis - including increased taxes and many increased fees – on top of increased property tax assessments, and a county property tax rate increase just two years ago. The area will also struggle with the impact of federal job losses.

We also are becoming known as a less competitive county to attract and grow a business, and a more expensive county in which to live. That this income tax increase proposal is retroactive for 6 months is absurd. The \$30 Million in increased fees is also proposed for a project that hasn't yet been vetted by council. Precedent dictates this new fee increase won't ever sunset either.

MCPS:

It's crucial to note that raising taxes to support our school system is not yielding the desired results and is intertwined with our housing challenges. The growth in the county budget and the MCPS budget have far outpaced inflation and county population growth.

Of course we need a top-notch school system – that is the best economic development tool to attract and retain talent here. Our Chamber was happy to host Dr. Taylor for a conversation about the vast challenges facing MCPS. Dr. Taylor was honest in his sharing of troublesome outcomes in reaching reading and math benchmarks. The fact is that taxpayers' money over the past several years – funding MCPS over and above Maintenance of Effort (MOE) – simply isn't solving the problems and isn't yielding improved results. With significant additional spending for MCPS over the past several years, and a lower enrollment in that same period, we hope that you will begin to hold MCPS accountable to the taxpayers for improved outcomes. The budget presented doesn't even begin to touch class sizes.

HOUSING:

Second, addressing housing affordability is vital. We see the increased taxes as part of the larger housing issue. Increasing income and/or property taxes simply will not help people

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afford homes or encourage investment in housing. As a County, we are already called out by major housing developers as being hostile to housing developers, and so investment in housing is very much at risk. Increased taxes and fees not only make housing unaffordable, but also contribute to the perception that investing in Montgomery County housing is a bad idea.

COMPETITIVENESS:


All told, our small business members cannot absorb additional cost increases, especially given the already high expenses of doing business here, with Maryland ranking a troubling 46th in overall business climate. Out-migration of wealth to other areas is a significant challenge that weakens our tax base. Our population is lower than it was in 2020, and we offer fewer jobs than we did in 2005! Our county budget since that same time is far outpacing inflation and population growth.

Nearby jurisdictions in Howard and Frederick counties are not raising taxes. Loudoun County is proposing to lower their property tax rate and vehicle tax. All the while, these jurisdictions are investing in infrastructure, business incentives, and public schools.

So enough is enough. Montgomery County residents and businesses cannot afford more taxes, especially with no increased services and no expected outcomes in MCPS. We are driving people and businesses to other jurisdictions where the economic climate is much more competitive. We need to invite and incentivize investment wherever possible – in business, in housing, in infrastructure.

We trust you to revise the budget in ways that support the hardworking residents and businesses driving Montgomery County's economy. It is essential to recognize that perpetuating wealth flight through higher taxes and fees only deepens our budget issues. We must prioritize sustainable economic development that invites investment and strengthens the services valued by our residents and businesses.

Sincerely,



Paula Ross
President & CEO

Gaithersburg-Germantown Chamber of Commerce