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Tax Increment Financing - Recent Developments in Maryland Law

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Tax Increment Financing ("TIF") is a vehicle for funding the cost of typical infrastructure expenses in a real estate development project (e.g., roads, sidewalks, water and sewer, and other public amenities such as parks and recreational facilities) through the issuance of municipal bonds by the local governmental agency, such as the county or municipality. The bonds are repaid by the dedication of all or a portion of the increased real property taxes that are generated from the properties included within the district. Hence this is a perfect example of growth paying for itself.

Maryland has in place a TIF statute applicable to all counties and municipalities; however, compared to jurisdictions in other localities, local government units in Maryland have been reluctant to utilize TIF financing. Further, the credit market meltdown that occurred at the end of 2008 continues to adversely impact the municipal bond markets. Still, there have been a couple of recent amendments in Maryland law that augur a positive environment for the use of TIF as economic conditions improve.

The attached link is an article written by Jack Orrick for the December issue of *Municipal Maryland* which summarizes certain recent legal developments in TIF that are applicable to municipalities, as well as counties, using this tool in the State of Maryland. Read more.

If you have any questions or wish to discuss in greater detail, please contact John R. Orrick, Jr., Partner, 301.961.5213 or jorrick@linowes-law.com.