

April 29, 2010

Councilmember Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Expedited Bill 15-10 Taxation-Fuel-Energy Tax – Rate and Resolution to Change Fuel/Energy Tax Rates

Dear Council President Floreen and Councilmembers:

As organizations representing more than 5,000 businesses throughout Montgomery County, together we are writing to you to express our deep concerns regarding County Executive Leggett's proposed energy tax increase.

As you face what are some very difficult budget decisions this year, we would like to make you aware of what some of the negative impacts will be on job retention and creation if you choose to enact the 100 percent increase in the energy tax proposed by the County Executive. We believe that this approach, while filling a short term budget gap, ignores what are some serious long term implications of the action.

Many of our business members have worked very hard over the past few years to reduce their energy consumption levels in order to reduce energy costs and preserve jobs. The 100 percent increase not only wipes away these cost savings that have been achieved but places yet an additional burden on businesses, small and large, that they simply cannot afford. Our commercial property owners tell us that their delinquency rates from small local and regional retailers are higher than ever, and every day landlords in Montgomery County are working on rent relief agreements in order to keep these businesses in their current locations. Many of these businesses, because of various constraints, simply cannot pass this cost on to their customers.

In addition to the impact on current small business owners, the increase runs totally contrary to Montgomery County's economic development strategy. Montgomery County's focus on high technology and biotechnology will be undermined by tax increases to some of these companies of over \$500,000 annually. These companies have indicated to us that the size and scope of this increase means that engineers, nurses, and many other skilled workers will not be hired because of the increased costs of doing business here in the County.

While many have applauded the idea that this tax hits our federal government facilities, it seems an inopportune time to place a burden on these federal facilities while we are in a difficult competition to keep the Department of Health and Human Services in Montgomery County. In the next 3 years, 60 out of 90 federal agency leases in Montgomery County will be up for renewal. We need to be in a strong position to compete with the District of Columbia, Prince George's County, and Northern Virginia to retain these tenants.

We believe that this is the right time for County government to reexamine its priorities, focus on essential government services and take a serious look at government consolidation in order to eliminate duplication of services and achieve savings.

The only way to have a sustainable future for Montgomery County is to be competitive with our regional neighbors and grow our tax base through the attraction and retention of jobs. This tax increase significantly undermines the County's ability to achieve this objective.

Thank you for your consideration.

Sincerely,

Ms. Janice M. Freeman, President
African American Business Council

Margaret O. Jeffers, Esq., Executive Vice President
Apartment and Office Building Association of Metropolitan Washington

Marilyn Balcombe, Ph.D., President/CEO
Gaithersburg-Germantown Chamber of Commerce

Ginanne M. Italiano, President & CEO
The Greater Bethesda-Chevy Chase Chamber of Commerce

Jane Redicker, President & CEO
Greater Silver Spring Chamber of Commerce

James Dinegar, President & CEO
The Greater Washington Board of Trade

Edward "Guy" Curley III, President
Maryland-National Capital Building Industry Association

Richard Ehrenreich, Executive Director
Mid-Atlantic Association of Cleaners

Steve Elmendorf, Esq., Legislative Committee Chair
MD/DC NAIOP

Georgette Godwin, President & CEO
Montgomery County Chamber of Commerce

Virginia Mauk, Executive Director
Olney Chamber of Commerce

Andrea Jolly, Executive Director
Rockville Chamber of Commerce

Renee Winsky, Chief Executive Officer
Technology Council of Maryland

