

Town Hall Meeting – 2-9-2010 - Fiscal Impact

1. Tonight I want to talk about the fiscal/economic aspects of this plan. We are told this plan will broaden our tax base, help pay for schools and roads and bring thousands of well paying jobs to Montgomery County. So let's take a look at those claims.
2. We begin by asking a simple question, do taxpayers get more out of this project than they put into it. The short answer is no. If this plan goes through taxpayers will collect about \$4 billion over the next 30 years and spend about \$ 4.8-5.7 billion. Let me explain that. The county report leaves out major expenses that are a necessary part of this plan. The county leaves out the cost of building the CCT and operating it over the next 30 years. It excludes the cost of building the highway interchanges. Those two items alone come out to be about 2.2-3.1 billion dollars and both will have to be paid for by the taxpayers. Add that to the 2.6 billion the county included and we get our 4.8-5.7 billion

In other words to answer our question when accounting for all costs taxpayers will lose anywhere between 800 million to 1.7 billion on this plan. Taxpayers will not see any money from this project not in the first 5 years or 20 or the next 30 years. We are subsidizing this project

3. Supporters of this plan will say, well you can't include all those costs because the State of Maryland or the Federal Government will pay for the majority of them.

O.K let's give the plan the benefit of the doubt, let's leave out the CCT and, the highway interchanges so much will this plan generate in new tax revenues. The latest estimate from the county is about 31 million a year. Let's put that into perspective. Today, the county budget is 4 billion per year. The money from this master plan would be enough run the county for about 2-3 days. That mean from whole project we could run the county today, tomorrow and until 2:00 in the afternoon on Friday, and that is. Another way of looking at this is to ask: who come under this plan we increase the number of jobs in the county by 10-12% and our net tax revenue only go up 1%.

The truth is there is no pot of gold here nor will it help to pay for our schools, roads and other services over the next years 30 years. The people that tell us that are just plain wrong. Their own numbers demonstrate that.

Well what about the jobs, won't thousands of jobs be coming to the county.

Under this plan thousands of jobs would come to this area. But these jobs are not free. We have to invest billions of dollars in infrastructure to accommodate them. So how much will taxpayers have to pay for each job? Believe it not it comes out to \$38,000 per each job. In other words for every 2.5 jobs we have to spend about 100K.

Well, what about having a major research university in the county. That should be worth a lot. I agree with that. In fact the report projects 10,000 academic jobs will be created as part of this plan. The problem is the recent agreement between the county and JHU. That agreement shows that once again JHU has refused to commit to anything tangible. They did not commit to build their own research center; they did not commit to establishing academic programs there, they did not commit to putting

any of their resources to fund this project. They did not commit to anything. In light of that agreement the projections of 10,000 academic jobs coming to Montgomery County seems wildly optimistic.

In the end this not about science this is about corporate welfare. It's about JHU asking us to foot the bill for their real estate speculation. Contrary to what we have been told taxpayers will see no benefits from this plan, we are subsidizing it. It clearly favors JHU but offers nothing to the county. This is not a good deal for us.

What we need to do is go back to the Planning Board and come up with a plan that it more balanced, offer real benefits to the county, does not require taxpayers to subsidize this effort, has in place strict mitigation for traffic, and allows the biotech industry to flourish.

Thank You

(Remarks given by Bragi Valgeirsson, The Gaithersburg - North Potomac - Rockville Coalition)