



THE COMMITTEE OF 100

FYI

March 22, 2018

Support For Brownfield Clean-up Funding Change

Executive Director Paul Morrill appeared before the Joint Legislative Oversight and Sunset Committee on February 27, 2018 to recommend action by the Delaware General Assembly to stabilize the revenue stream for the Hazardous Substance Cleanup Act (HSCA) Fund and, in particular, the Brownfields Grant Program. This valuable program is at risk of becoming ineffective due to declining revenues. The Committee of 100 also asked that the Brownfields Grant Program be recognized in statute with a minimum level of funding, rather than being a discretionary program of the Department of Natural Resources and Environmental Control (DNREC).

By all accounts, the Brownfields Grant program has been highly successful in leveraging private investment to clean up contaminated properties and return them to productive tax-paying use. Economic benefit studies by the University of Delaware have determined that the Brownfields Development Program has a statewide average return on investment of nearly \$17 for every \$1 spent.

High profile examples of the impact of the Brownfields Development Program include the Wilmington Riverfront and the University of Delaware STAR Campus. But the true value of the program lies in the dozens of small and mid-size projects that remediate polluted sites and enable the creation of new permanent jobs sites such as the former Capitol Scrap Yard in Dover and the former King Cole Cannery in Milton. For those smaller projects, the Brownfields Grant Program funding often is the deciding factor in whether or not the redevelopment project goes ahead.

As Brownfields Grant Program funding has declined (from an average \$5 Million/year to a projected \$1 Million next fiscal year), the potential for delayed reimbursement (or perhaps no reimbursement at some point) is believed to be having a chilling effect on smaller project joining the program.

The Committee of 100 strongly believes it is in everyone's best interest to keep the Brownfields Grant Program active and adequately funded. Doing so will ensure that orphan sites continue to be remediated, that construction and permanent jobs continue to be created, and that idle sites once again contribute to the tax rolls.

The HSCA Fund, of which the Brownfields Grant Program is a part, is solely dependent upon the HSCA tax which is levied as a surcharge on the Gross Receipts Tax on petroleum products. The HSCA tax rate is currently set at 0.9%. The amount of revenue collected by the tax is influenced by the volume of petroleum sales, the price of the refined products, and the underlying crude oil price. Hence, it is no surprise that HSCA tax revenues are volatile. The price of crude oil has ranged from \$17/bbl in 1999 to a high of \$109 in 2012. Today it stands at \$60, after sinking to \$40 in 2016.

This roller coaster has resulted in the accumulation of large surpluses in the Fund when prices were high and program cuts when prices are soft, as they have been since 2015. These swings also complicate the Department's job in managing the program and doing long-term planning. To stabilize the Fund, we recommend the adoption of a variable HSCA Tax rate to be administered by the Division of Revenue as part of its Gross Receipts Tax collection process. The tax rate determination would be pegged to a target program size determined by the General Assembly and would be adjusted up or down based upon the actual HSCA Tax receipts of the previous fiscal year relative to the target.

This would smooth out the swings in HSCA Tax revenues and allow for more consistent program management.

There is room for disagreement on what the optimum level of funding should be for HSCA, but we believe it takes about \$15 Million to operate a credible program, of which \$5 Million should be dedicated to the Brownfield Grant Program. This year, we're spending about half that amount.

So, in the near term, an adjustable tax rate would mean an increase in the HSCA Tax. But unlike other tax increases, this would include an automatic mechanism to adjust the tax downward once the required level of funding is exceeded. Large surpluses would not be permitted to build up. Consumers would also benefit from the fact that when petroleum prices are high, the tax is lower.

The Committee of 100 believes this mechanism will stabilize the HSCA Fund and enable the Brownfields program to continue leveraging private investment, creating jobs and fostering economic development.

2018 Annual Members Meeting

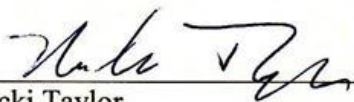
The Annual Meeting of the members of The Committee of 100 will be held at 6:00 p.m. on Tuesday, April 17, 2018.



THE COMMITTEE OF 100

NOTICE OF ANNUAL MEETING
of
THE COMMITTEE OF 100, INC.

Notice is hereby given that the Annual Meeting of the members of The Committee of 100 will be held at 6:00 p.m. on Tuesday, April 17, 2018 at Incyte, 1801 Augustine Cut-off, Wilmington, DE 19803 for the purpose of electing the directors of the corporation and conducting such other business as may come before the meeting. This meeting of the members will be part of the regular Member Reception of The Committee of 100 which will begin at the regularly-scheduled time.



Nicki Taylor
Secretary

3-20-2018
Date

April Member Reception



Following the overwhelming success of our February field trip to CSC, we are holding another special Member Reception on April 17th to celebrate the exciting development taking place in our community!

Incyte will welcome The Committee of 100 to their new 154,000 square foot global headquarters that houses their administration and clinical development departments. Outdoor amenities include a pickleball court, putting green, and rooftop gardens with a spectacular view of the Wilmington skyline.

We hope you will join us! Click the link below to register.

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**The Committee of 100 Member Reception
Tuesday, April 17, 2018
5:30 - 7:00 p.m. Cocktails & Networking
6:00 p.m. Annual Members Meeting**

\$25 per person

