

LEGISLATIVE PRIORITY

Delaware Positioned to Invest in its Future

BY JAMES DECHENE

WHAT A DIFFERENCE a year makes. At this time last year, concerns that Delaware could expect to see incredible revenue losses due to COVID-19 had a significant impact on not only the budget crafting process but also in how the Delaware Economic and Financial Advisory Council (DEFAC) approached its economic forecasting for much of 2020. This year, as was reported at the May DEFAC meeting, every single company that recently went for an Initial Public Offering (IPO) was a Delaware registered company, which increased Delaware's corporate franchise tax revenue by 13 percent. In addition, realty transfer tax revenue was up 42 percent due to a housing boom, especially at our beach areas. While neither of these increases are sustainable, they do provide significant one-time money for infrastructure investment to help position Delaware for a strong future.

The Delaware State Chamber of Commerce has a history in advocating for infrastructure investment including supporting legislation like HB200. This bill invests heavily into water and sewer projects, supporting changes to the Transportation Trust Fund to ensure more dollars are dedicated to project spending versus operational budgets within DelDOT, broadband development across the state, and more. The simple reason for this advocacy is the intersection between government spending, economic development, job creation, and return on investment (at the end of the project you have a tangible, bright and shiny "thing" that provides a needed service or function).

Delaware finds itself in a unique position this year. Significant increases to the bond bill above and beyond the Governor's recommended budget, combined with close to one billion dollars in federal money stemming from the American Rescue Plan, means that there is an opportunity to invest heavily in Delaware's future. With smart spending and keeping in mind that these are two separate pots of money, the State can maximize its investments.

The federal stimulus money has a fairly narrow scope of authorized uses—though the hope is that with the pending public comment period, Treasury will ease some of those restrictions. Much of what is currently authorized with federal stimulus money are areas in which Delaware still needs help. This includes broadband development in urban and rural areas across the state and repairing aging water and sewer infrastructure, which can be everything from stormwater remediation in New Castle County, persistent coastal flooding in Sussex, and drainage repair in much of Kent.

The State's bond bill can be much more creative in how it allocates money and starts filling the backlog of projects that have



been considered for years. Projects like building new court houses, schools, and even perhaps leveraging the recently passed site readiness funding money to help attract new sectors to Delaware are all on the table. With state money, new train stations in Newark and Claymont have been built. Maybe now is the time to direct investment to extending Delaware rail to connect with MARC for better regional travel. Perhaps investing in broadband can help create a tech corridor along that line that connects Delaware to Philadelphia and Baltimore making the region an attractive alternative to Silicon Valley.

The possibilities of what can be built here may not be endless, but they are indeed significant. Now is the time for Delaware leaders to look to the future and continue shaping Delaware as a regional leader. The clock is ticking on the three-and-a-half years we have to allocate the federal stimulus money. Direct and nimble approaches to project development will be key, and state and local governments will have to work together to maximize this opportunity. The State Chamber's continued calls for permitting reform at the state and local level will continue to grow in volume, as projects will not have the ability to take 18 months or more from conception to groundbreaking.

Delaware's size should make it a giant amongst its neighbors if we can effectively combine smart investments with effective

permitting and development opportunities. Like the COVID-19 pandemic, this is (hopefully) a once-in-a-lifetime event and we should take every step to make it count.



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