

# HOUSE BILL 613

C8, Q7

3lr0124

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By: **Chair, Environmental Matters Committee and Chair, Ways and Means Committee (By Request – Departmental – Planning) and Delegate A. Washington**

Introduced and read first time: February 1, 2013

Assigned to: Environmental Matters and Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2013

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Sustainable Communities – Designation and Financing**

3 FOR the purpose of authorizing ~~municipal corporations~~ municipalities and certain  
4 counties to finance the cost of certain infrastructure improvements in a  
5 sustainable community in the same manner as a transit-oriented development  
6 under certain circumstances; authorizing a political subdivision to use certain  
7 alternative local tax revenues for tax increment financing in connection with a  
8 sustainable community under certain circumstances; providing that bonds can  
9 be used for certain purposes in sustainable communities under certain  
10 circumstances; authorizing a political subdivision to determine a certain base of  
11 a certain brownfields site in a sustainable community under certain  
12 circumstances; authorizing a political subdivision to pledge tax increment  
13 revenue to secure the payment of obligations to the Maryland Economic  
14 Development Corporation for infrastructure improvements located in a  
15 sustainable community; providing for the construction of this Act; providing  
16 that certain political subdivisions will get priority for State funding under  
17 certain circumstances; defining and altering certain terms; providing that the  
18 Mayor and City Council of Baltimore City may use certain authority granted  
19 under State law to a political subdivision for tax increment financing in a  
20 sustainable community for certain purposes; requiring the Department of  
21 Planning to produce a certain models and guidelines report on or before a  
22 certain date; requiring the Department to develop a certain online tax  
23 increment financing education course on or before a certain date; requiring

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



certain officers of a local jurisdiction to complete a certain online tax increment financing education course before the local jurisdiction may use the tax increment financing authority under this Act; requiring the Department to create a certification for completion of a certain online tax increment financing education course and forward certain information about individuals who have received a certain certification to certain units of State government; and generally relating to sustainable communities.

~~BY repealing and reenacting, with amendments,  
Article 23A – Corporations – Municipal  
Section 44A(b)  
Annotated Code of Maryland  
(2011 Replacement Volume and 2012 Supplement)~~

~~BY repealing and reenacting, without amendments,  
Article 24 – Political Subdivisions – Miscellaneous Provisions  
Section 9 – 1301(e)(1)  
Annotated Code of Maryland  
(2011 Replacement Volume and 2012 Supplement)~~

~~BY repealing and reenacting, with amendments,  
Article 24 – Political Subdivisions – Miscellaneous Provisions  
Section 9 – 1301(e)(2)  
Annotated Code of Maryland  
(2011 Replacement Volume and 2012 Supplement)~~

BY repealing and reenacting, without amendments,  
Article – Local Government  
Section 21–409(a) and 21–503(a)  
Annotated Code of Maryland  
(As enacted by Chapter \_\_\_\_ (H.B. 472) of the Acts of the General Assembly of  
2013)

BY repealing and reenacting, with amendments,  
Article – Local Government  
Section 21–410 and 21–504  
Annotated Code of Maryland  
(As enacted by Chapter \_\_\_\_ (H.B. 472) of the Acts of the General Assembly of  
2013)

BY repealing and reenacting, with amendments,  
Article – Economic Development  
Section 12–201, 12–203, and 12–207 through 12–211  
Annotated Code of Maryland  
(2008 Volume and 2012 Supplement)

BY repealing and reenacting, without amendments,

1 Article – Housing and Community Development  
 2 Section 6–201(l) and 6–205(a)  
 3 Annotated Code of Maryland  
 4 (2006 Volume and 2012 Supplement)

5 BY adding to  
 6 The Charter of Baltimore City  
 7 Article II  
 8 Section (62)(k) and (62A)(t)  
 9 (2007 Replacement Volume, as amended)

10 Preamble

11 WHEREAS, The revitalization of existing Maryland communities is a priority  
 12 for achieving the State’s statutory smart growth goals; and

13 WHEREAS, In 2010 the General Assembly passed the Sustainable  
 14 Communities Act to refine its focus on and develop a coordinated approach to creating,  
 15 enhancing, supporting, and revitalizing sustainable communities; and

16 WHEREAS, The State and local governments have created, through the  
 17 Sustainable Communities Act, a shared geography of sustainable communities that  
 18 have the necessary plans in place to revitalize these communities; and

19 WHEREAS, The State has targeted its redevelopment resources to these  
 20 sustainable communities but more financing tools are necessary; and

21 WHEREAS, Creative and effective approaches to increasing private sector  
 22 investment are critical to making revitalization progress in sustainable communities;  
 23 and

24 WHEREAS, The use of bonds by local governments for infrastructure and tax  
 25 increment financing is an effective and underutilized tool for increasing private sector  
 26 investment in sustainable communities; now, therefore,

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 28 MARYLAND, That the Laws of Maryland read as follows:

29 ~~Article 23A – Corporations – Municipal~~

30 ~~44A.~~

31 ~~(b) (1) Subject to the provisions of this section, and for the purpose stated~~  
 32 ~~in paragraph (2) of this subsection, each municipal corporation in the State may:~~

33 ~~(i) Create a special taxing district;~~

1 ~~(ii) Levy ad valorem or special taxes; and~~

2 ~~(iii) Issue bonds and other obligations.~~

3 ~~(2) (i) The purpose of the authority granted under paragraph (1) of~~  
 4 ~~this subsection is to provide financing, refinancing, or reimbursement for the cost of~~  
 5 ~~the design, construction, establishment, extension, alteration, or acquisition of~~  
 6 ~~adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,~~  
 7 ~~tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,~~  
 8 ~~schools, and other infrastructure improvements as necessary, whether situated within~~  
 9 ~~the special taxing district or the municipal corporation or outside of the municipal~~  
 10 ~~corporation if notification is given to the governmental unit having jurisdiction over~~  
 11 ~~the infrastructure improvement and if the infrastructure improvement is reasonably~~  
 12 ~~related to other infrastructure improvements within the special taxing district, for the~~  
 13 ~~development and utilization of the land, each with respect to any defined geographic~~  
 14 ~~region within the municipal corporation.~~

15 ~~(ii) The authority granted under paragraph (1)(i) and (ii) of this~~  
 16 ~~subsection also makes available a source of funding for payment of costs of:~~

17 ~~1. Infrastructure improvements located in or supporting~~  
 18 ~~a transit-oriented development or a State hospital redevelopment; and~~

19 ~~2. Operation and maintenance of infrastructure~~  
 20 ~~improvements located in or supporting a transit-oriented development or a State~~  
 21 ~~hospital redevelopment.~~

22 ~~(iii) FOR THE PURPOSES OF THIS SECTION AND ANY~~  
 23 ~~AUTHORITY GRANTED BY THIS SECTION, A SUSTAINABLE COMMUNITY, AS~~  
 24 ~~DEFINED IN § 6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT~~  
 25 ~~ARTICLE, SHALL BE CONSIDERED THE SAME AS A TRANSIT-ORIENTED~~  
 26 ~~DEVELOPMENT.~~

27 ~~Article 24—Political Subdivisions—Miscellaneous Provisions~~

28 ~~9-1301.~~

29 ~~(e) (1) Subject to the provisions of this section, and for the purpose stated~~  
 30 ~~in paragraph (2) of this subsection, the county may:~~

31 ~~(i) Create a special taxing district;~~

32 ~~(ii) Levy ad valorem or special taxes; and~~

33 ~~(iii) Issue bonds and other obligations.~~

~~(2) (i) The purpose of the authority granted under paragraph (1) of this subsection is to provide financing, refinancing, or reimbursement for the cost of the design, construction, establishment, extension, alteration, or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities, and other infrastructure improvements as necessary, whether situated within the special taxing district or outside the special taxing district if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district, for the development and utilization of the land, each with respect to any defined geographic region within the county.~~

~~(ii) The authority granted under paragraph (1)(i) and (ii) of this subsection also makes available a source of funding for payment of costs of:~~

~~1. Infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment; and~~

~~2. Operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment.~~

~~(iii) FOR THE PURPOSES OF THIS SECTION AND ANY AUTHORITY GRANTED BY THIS SECTION, A SUSTAINABLE COMMUNITY, AS DEFINED IN § 6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE, SHALL BE CONSIDERED THE SAME AS A TRANSIT-ORIENTED DEVELOPMENT.~~

### Article – Local Government

#### 21-409.

(a) For any purpose stated in § 21-410(a)(1) of this subtitle, a municipality may:

(1) establish a special taxing district;

(2) impose ad valorem or special taxes; and

(3) issue bonds.

#### 21-410.

(a) The purpose of the authority granted under this part is to:

(1) finance, refinance, or reimburse the cost of establishing, acquiring, designing, constructing, altering, or extending adequate infrastructure improvements

1 as necessary for the development and use of land in any defined geographic region in  
2 the municipality, including storm drainage systems, sewers, water systems, roads,  
3 bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities,  
4 libraries, and schools; and

5 (2) provide a source of funding for payment of costs of:

6 (i) infrastructure improvements located in or supporting a  
7 transit-oriented development or a State hospital redevelopment; and

8 (ii) operation and maintenance of infrastructure improvements  
9 located in or supporting a transit-oriented development or a State hospital  
10 redevelopment.

11 (b) An infrastructure improvement financed under subsection (a)(1) of this  
12 section may be located:

13 (1) in the special taxing district;

14 (2) in the municipality, outside the special taxing district if the  
15 infrastructure improvement is reasonably related to other infrastructure  
16 improvements in the special taxing district; or

17 (3) outside the municipality if:

18 (i) the infrastructure improvement is reasonably related to  
19 other infrastructure improvements in the special taxing district; and

20 (ii) notice is given to the governmental unit having jurisdiction  
21 over the infrastructure improvement.

22 **(C) FOR THE PURPOSES OF THIS PART AND ANY AUTHORITY GRANTED**  
23 **BY THIS PART, A SUSTAINABLE COMMUNITY, AS DEFINED IN § 6-201 OF THE**  
24 **HOUSING AND COMMUNITY DEVELOPMENT ARTICLE, SHALL BE CONSIDERED**  
25 **THE SAME AS A TRANSIT-ORIENTED DEVELOPMENT.**

26 21-503.

27 (a) For any purpose stated in § 21-504(a)(1) of this subtitle, a county may:

28 (1) establish a special taxing district;

29 (2) impose ad valorem or special taxes; and

30 (3) issue bonds.

31 21-504.

1           (a)    The purpose of the authority granted under this subtitle is to:

2                   (1)    finance, refinance, or reimburse the cost of establishing, acquiring,  
3 designing, constructing, altering, or extending adequate infrastructure improvements  
4 as necessary for the development and use of land in any defined geographic region in  
5 the county, including storm drainage systems, sewers, water systems, roads, bridges,  
6 culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities,  
7 libraries, schools, transit facilities, and solid waste facilities; and

8                   (2)    provide a source of funding for payment of costs of:

9                           (i)    infrastructure improvements located in or supporting a  
10 transit-oriented development or a State hospital redevelopment; and

11                           (ii) operating and maintaining infrastructure improvements  
12 located in or supporting a transit-oriented development or a State hospital  
13 redevelopment.

14           (b)    An infrastructure improvement financed under subsection (a)(1) of this  
15 section may be located:

16                   (1)    in the special taxing district; or

17                   (2)    outside the special taxing district if the infrastructure  
18 improvement is reasonably related to other infrastructure improvements in the special  
19 taxing district.

20           **(C) FOR THE PURPOSES OF THIS SUBTITLE AND ANY AUTHORITY**  
21 **GRANTED BY THIS SUBTITLE, A SUSTAINABLE COMMUNITY, AS DEFINED IN §**  
22 **6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE, SHALL BE**  
23 **CONSIDERED THE SAME AS A TRANSIT-ORIENTED DEVELOPMENT.**

## 24                                   Article – Economic Development

25   12-201.

26           (a)    In this subtitle the following words have the meanings indicated.

27           (b)    “Adjusted assessable base” means the fair market value of real property  
28 that qualifies for a farm or agricultural use under § 8-209 of the Tax – Property  
29 Article, without regard to the agricultural use assessment for the property as of  
30 January 1 of the year preceding the effective date of the resolution creating the  
31 development district under § 12-203 of this subtitle.

32           (c)    “Assessable base” means the total assessable base, as determined by the  
33 Supervisor of Assessments **OR THE GOVERNING BODY IN ACCORDANCE WITH §**

1 **12-203 OF THIS SUBTITLE**, of all real property subject to taxation in a development  
 2 district **OR IDENTIFYING THE SUSTAINABLE COMMUNITY**.

3 (d) (1) “Assessment ratio” means a real property tax assessment ratio,  
 4 however designated or calculated, that is used under applicable general law to  
 5 determine the assessable base.

6 (2) “Assessment ratio” includes the assessment percentage specified  
 7 under § 8-103(c) of the Tax – Property Article.

8 (e) “Bond” means a revenue bond, note, or other similar instrument issued in  
 9 accordance with this subtitle by:

10 (1) a political subdivision; or

11 (2) the revenue authority of Prince George’s County.

12 (f) “Chief executive” means the president, chair, mayor, or other chief  
 13 executive officer of a political subdivision or the revenue authority of Prince George’s  
 14 County.

15 (g) “Development” includes new development, redevelopment, revitalization,  
 16 and renovation.

17 (h) “Development district” means a contiguous area designated by a  
 18 resolution.

19 (i) “Issuer” means a political subdivision or the revenue authority of Prince  
 20 George’s County that issues a bond under this subtitle.

21 (j) “MEDCO obligation” means a bond, note, or other similar instrument  
 22 that the Maryland Economic Development Corporation issues under authority other  
 23 than this subtitle to finance the cost of infrastructure improvements located in or  
 24 supporting a transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State  
 25 hospital redevelopment.

26 (k) “Original [assessable] base” means the assessable base:

27 (1) as of January 1 of the year preceding the effective date of the  
 28 resolution creating the development district under § 12-203 of this subtitle; **OR**

29 (2) ~~AFTER JANUARY 1 OF THE YEAR PRECEDING THE EFFECTIVE~~  
 30 ~~DATE OF THE RESOLUTION CREATING THE DEVELOPMENT DISTRICT, IF THE~~  
 31 ~~POLITICAL SUBDIVISION DETERMINED THE ORIGINAL BASE IN ACCORDANCE~~  
 32 ~~WITH § 12-203 § 12-203(B) OF THIS SUBTITLE, THE BASE VALUE AS~~  
 33 ~~ESTABLISHED IN THE RESOLUTION.~~

1           (l)     “Original full cash value” means the dollar amount that is determined by  
2 dividing the original [assessable] base by the assessment ratio used to determine the  
3 original [assessable] base.

4           (m)     “Original taxable value” means for any tax year the dollar amount that is:

5                   (1)     the adjusted assessable base, if an adjusted assessable base  
6 applies; or

7                   (2)     in all other cases, the lesser of:

8                           (i)     the product of multiplying the original full cash value by the  
9 assessment ratio applicable to that tax year; and

10                           (ii)    the original [assessable] base.

11           (n)     “Political subdivision” means a county or a municipal corporation.

12           (o)     “State hospital redevelopment” means any combination of private or  
13 public commercial, residential, or recreational uses, improvements, and facilities that:

14                   (1)     is part of a comprehensive coordinated development plan or  
15 strategy involving:

16                           (i)     property that was occupied formerly by a State facility, as  
17 defined in § 10–101 of the Health – General Article, or a State residential center, as  
18 defined in § 7–101 of the Health – General Article; or

19                           (ii)    property that is adjacent or reasonably proximate to  
20 property that was occupied formerly by a State facility, as defined in § 10–101 of the  
21 Health – General Article, or a State residential center, as defined in § 7–101 of the  
22 Health – General Article;

23                   (2)     in accordance with design development principles, maximizes use  
24 of the property by those constituencies it is intended to serve; and

25                   (3)     is designated as a State hospital redevelopment by:

26                           (i)     the Smart Growth Subcabinet established under § 9–1406 of  
27 the State Government Article; and

28                           (ii)    the local government or multicounty agency with land use  
29 and planning responsibility for the relevant area.

30           (p)     **(1) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §**  
31 **6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

1                   **(2) “SUSTAINABLE COMMUNITY” INCLUDES A PORTION OF A**  
 2 **SUSTAINABLE COMMUNITY.**

3           **(Q)** “Tax increment” means for any tax year the amount by which the  
 4 assessable base as of January 1 of the preceding tax year exceeds the original **BASE**  
 5 ~~taxable value divided by the assessment ratio used to determine the original taxable~~  
 6 ~~value~~.

7           **[(q)] (R)** “Tax year” means the period from July 1 of a calendar year  
 8 through June 30 of the next calendar year.

9           **[(r)] (S)** “Transit-oriented development” has the meaning stated in § 7-101  
 10 of the Transportation Article.

11 12-203.

12           (a) Before issuing bonds, the governing body of the political subdivision shall:

13                   (1) **[designate]** by resolution:

14                                   **(I) DESIGNATE** a contiguous area within its jurisdiction as a  
 15 development district; **OR**

16                                   **(II) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A**  
 17 **SUSTAINABLE COMMUNITY;**

18                   (2) receive from the Supervisor of Assessments a certification of the  
 19 amount of the original **[assessable]** base, or if applicable, the adjusted assessable base;  
 20 and

21                   (3) pledge that until the bonds are fully paid, or a longer period, the  
 22 real property taxes in the development district **OR A SUSTAINABLE COMMUNITY**  
 23 shall be divided as follows:

24                                   (i) the portion of the taxes that would be produced at the  
 25 current tax rate on the original ~~taxable value~~ **BASE** shall be paid to the respective  
 26 taxing authorities in the same manner as taxes on other property are paid; and

27                                   (ii) the portion of the taxes on the tax increment that normally  
 28 would be paid into the general fund of the political subdivision shall be paid into the  
 29 special fund established under § 12-208 of this subtitle and applied in accordance with  
 30 § 12-209 of this subtitle.

1           (b) (1) IN THIS SUBSECTION, “BROWNFIELDS SITE” HAS THE  
2 MEANING STATED IN § 5-301 OF THIS ARTICLE.

3           (2) BEFORE ISSUING BONDS AND AS PART OF THE RESOLUTION  
4 REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE GOVERNING BODY OF  
5 THE POLITICAL SUBDIVISION MAY DETERMINE THE ORIGINAL BASE OF A  
6 BROWNFIELDS SITE IN A SUSTAINABLE COMMUNITY.

7           (3) THE DETERMINATION OF THE ORIGINAL BASE OF A  
8 BROWNFIELDS SITE UNDER THIS SECTION:

9                   (i) IS NOT A DETERMINATION OF THE VALUE OF THE  
10 BROWNFIELDS SITE; AND

11                   (ii) MAY NOT BE USED TO DETERMINE A PROPERTY TAX  
12 ASSESSMENT OR APPEAL OF A PROPERTY TAX ASSESSMENT UNDER THE TAX –  
13 PROPERTY ARTICLE.

14           (c) The establishment OR IDENTIFICATION by a county of a development  
15 district OR A SUSTAINABLE COMMUNITY that is wholly or partly in a municipal  
16 corporation shall also require a resolution approving the development district OR  
17 SUSTAINABLE COMMUNITY by the governing body of the municipal corporation.

18 12-207.

19           (a) [Bond] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
20 BOND proceeds may be used only:

21                   (1) to buy, lease, condemn, or otherwise acquire property, or an  
22 interest in property:

23                           (i) in the development district OR A SUSTAINABLE  
24 COMMUNITY; or

25                           (ii) needed for a right-of-way or other easement to or from the  
26 development district;

27                   (2) for site removal;

28                   (3) for surveys and studies;

29                   (4) to relocate businesses or residents;

30                   (5) to install utilities, construct parks and playgrounds, and for other  
31 needed improvements including:

- 1 (i) roads to, from, or in the development district;
- 2 (ii) parking; and
- 3 (iii) lighting;
- 4 (6) to construct or rehabilitate buildings for a governmental purpose  
5 or use;
- 6 (7) for reserves or capitalized interest;
- 7 (8) for necessary costs to issue bonds; and
- 8 (9) to pay the principal of and interest on loans, advances, or  
9 indebtedness that a political subdivision incurs for a purpose specified in this section.

10 (b) (1) **THIS SUBSECTION APPLIES TO A SUSTAINABLE COMMUNITY**  
11 **IDENTIFIED UNDER § 12-203 OF THIS SUBTITLE.**

12 (2) **IN ADDITION TO THE PURPOSES UNDER SUBSECTION (A) OF**  
13 **THIS SECTION AND WITHOUT LIMITING THE PURPOSES IN SUBSECTION (A) OF**  
14 **THIS SECTION, BOND PROCEEDS MAY BE USED IN A SUSTAINABLE COMMUNITY**  
15 **FOR:**

16 (I) **HISTORIC PRESERVATION OR REHABILITATION;**

17 (II) **ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**  
18 **SITE PREPARATION;**

19 (III) **PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**  
20 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

21 (IV) **HIGHWAYS AS DEFINED IN § 8-101 OF THE**  
22 **TRANSPORTATION ARTICLE OR TRANSIT SERVICE AS DEFINED IN § 7-101 OF**  
23 **THE TRANSPORTATION ARTICLE THAT SUPPORT SUSTAINABLE COMMUNITIES;**

24 (V) **SCHOOLS; ~~AND~~**

25 (VI) **AFFORDABLE OR MIXED INCOME HOUSING; AND**

26 (VII) **STORMWATER MANAGEMENT AND STORM DRAIN**  
27 **FACILITIES.**

1           **(C)** (1) In addition to the purposes listed in subsection (a) of this section,  
2 the proceeds from bonds that Prince George's County or the revenue authority of  
3 Prince George's County issues may be used:

4                           (i) for convention, conference, or visitors' centers;

5                           (ii) to maintain infrastructure improvements and convention,  
6 conference, or visitors' centers;

7                           (iii) to market development district facilities and other  
8 improvements; and

9                           (iv) for the purpose of encouraging redevelopment in those areas  
10 listed in paragraph (2) of this subsection, to install infrastructure improvements,  
11 including:

12                                           1. streets;

13                                           2. parking structures of any type whether for public or  
14 private use;

15                                           3. utilities;

16                                           4. street lights;

17                                           5. stormwater management and storm drain facilities;

18                                           6. fencing;

19                                           7. noise walls;

20                                           8. retaining walls;

21                                           9. trails;

22                                           10. sidewalks;

23                                           11. pedestrian and vehicular bridges; and

24                                           12. park facilities.

25                   (2) The purpose of the authority granted by paragraph (1)(iv) of this  
26 subsection is to encourage redevelopment in:

27                           (i) revitalization areas designated by the county;

28                           (ii) mixed use centers;

1 (iii) blighted areas; and

2 (iv) the Developed Tier, growth corridors, and growth centers, as  
3 defined in the county General Plan.

4 **[(c)] (D)** (1) In addition to the purposes listed in subsection (a) of this  
5 section, the proceeds from bonds that a municipal corporation issues may be used for  
6 the purpose of encouraging redevelopment in those areas listed in paragraph (2) of this  
7 subsection, to install infrastructure improvements, including:

8 (i) streets;

9 (ii) parking structures of any type whether for public or private  
10 use;

11 (iii) utilities;

12 (iv) street lights;

13 (v) stormwater management and storm drain facilities;

14 (vi) fencing;

15 (vii) noise walls;

16 (viii) retaining walls;

17 (ix) trails;

18 (x) sidewalks;

19 (xi) pedestrian and vehicular bridges; and

20 (xii) park facilities.

21 (2) The purpose of the authority granted by paragraph (1) of this  
22 subsection is to encourage redevelopment in:

23 (i) revitalization areas designated by a county or municipal  
24 corporation;

25 (ii) mixed use centers;

26 (iii) blighted areas; and

1 (iv) developed areas and growth areas, as defined in a county or  
2 municipal corporation land use plan.

3 12-208.

4 (a) The governing body of a political subdivision may adopt a resolution  
5 creating a special fund for a development district **OR A SUSTAINABLE COMMUNITY**  
6 even though no bonds:

7 (1) have been issued for the development district **OR THE**  
8 **SUSTAINABLE COMMUNITY**; or

9 (2) are outstanding at the time of adoption.

10 (b) The taxes allocated to the special fund in accordance with §  
11 12-203(a)(3)(ii) of this subtitle shall be deposited in the special fund while the  
12 resolution that created the special fund remains in effect.

13 (c) Other than tax revenues received from residential properties in Prince  
14 George's County, the tax collected under § 12-203(a)(3)(ii) of this subtitle is not  
15 considered a tax of the political subdivision for the purposes of any constant yield  
16 limitation or State or local restriction.

17 (d) State real property taxes may not be paid into the special fund.

18 12-209.

19 (a) Subject to subsection (c) of this section, the special fund for the  
20 development district **OR THE SUSTAINABLE COMMUNITY** may be used for any of the  
21 following purposes as determined by the governing body of the political subdivision:

22 (1) a purpose specified in § 12-207 of this subtitle;

23 (2) accumulated to pay debt service on bonds to be issued later;

24 (3) payment or reimbursement of debt service, or payments under an  
25 agreement described in subsection (b) of this section, that the political subdivision is  
26 obliged under a general or limited obligation to pay, or has paid, on or relating to  
27 bonds issued by the State, a political subdivision, or the revenue authority of Prince  
28 George's County if the proceeds were used for a purpose specified in § 12-207 of this  
29 subtitle; or

30 (4) payment to the political subdivision for any other legal purpose.

31 (b) (1) Subject to paragraph (2) of this subsection, the political subdivision  
32 that has created a special fund for a development district **OR A SUSTAINABLE**

1 **COMMUNITY** may pledge under an agreement that amounts deposited to the special  
2 fund shall be paid over to secure payment on MEDCO obligations.

3 (2) The agreement shall:

4 (i) be in writing;

5 (ii) be executed by the political subdivision making the pledge,  
6 the Maryland Economic Development Corporation, and the other persons that the  
7 governing body of the political subdivision determines; and

8 (iii) run to the benefit of and be enforceable on behalf of the  
9 holders of the MEDCO obligations secured by the agreement.

10 (c) If bonds are outstanding with respect to a development district **OR A**  
11 **SUSTAINABLE COMMUNITY**, the special fund may be used as described in subsection  
12 (a) of this section in any fiscal year only if:

13 (1) the balance of the special fund exceeds the unpaid debt service  
14 payable on the bonds in the fiscal year; and

15 (2) the special fund is not restricted so as to prohibit the use.

16 (d) The issuance of bonds pledging the full faith and credit of the political  
17 subdivision shall comply with appropriate county or municipal charter requirements.

18 12–210.

19 (a) (1) Subject to paragraph (2) of this subsection, the governing body of a  
20 political subdivision that is not the issuer may pledge under an agreement that its  
21 property taxes levied on the tax increment shall be paid into the special fund for the  
22 development district **OR A SUSTAINABLE COMMUNITY**.

23 (2) The agreement shall:

24 (i) be in writing;

25 (ii) be executed by the governing bodies of the issuer and the  
26 political subdivision making the pledge; and

27 (iii) run to the benefit of and be enforceable on behalf of any  
28 bondholder.

29 (b) The governing body of Prince George's County may also pledge hotel  
30 rental tax revenues to the special fund.

1 (c) The governing body of a political subdivision, including the issuer, may  
2 pledge by or under a resolution, including by an agreement with the issuer, as  
3 applicable, that alternative local tax revenues generated within, or that are otherwise  
4 determined to be attributable to, a development district that is a transit-oriented  
5 development, **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment be  
6 paid, as provided in the resolution, into the special fund to:

7 (1) secure the payment of debt service on bonds or MEDCO  
8 obligations; or

9 (2) be applied to the other purposes stated in § 12–209 of this subtitle.  
10 12–211.

11 (a) The principal amount of bonds, interest payable on bonds, the transfer of  
12 bonds, and income from bonds, including profit made in the sale or transfer of bonds,  
13 are exempt from State and local taxes.

14 (b) If a political subdivision leases as a lessor its property within a  
15 development district **OR A SUSTAINABLE COMMUNITY**:

16 (1) the property shall be assessed and taxed in the same manner as  
17 privately owned property; and

18 (2) the lease shall require the lessee to pay taxes or payments in lieu  
19 of taxes on the assessed value of the entire property and not only on the assessed  
20 value of the leasehold interest.

## 21 **Article – Housing and Community Development**

22 6–201.

23 (l) “Sustainable community” means the part of a priority funding area that:

24 (1) as determined by the Smart Growth Subcabinet, satisfies the  
25 requirements of § 6–205 of this subtitle;

26 (2) has been designated as a BRAC Revitalization and Incentive Zone  
27 under Title 5, Subtitle 13 of the Economic Development Article; or

28 (3) has been designated a transit-oriented development under § 7–101  
29 of the Transportation Article.

30 6–205.

31 (a) The Smart Growth Subcabinet, on the recommendation of the Secretary,  
32 may designate an area as a sustainable community if the sponsor demonstrates that

1 past and current trends in homeownership, property values, commercial and  
2 residential vacancy, and business or housing investment show a need for reinvestment  
3 in the area and if:

4 (1) entities in the community, such as local governments, employers,  
5 educational institutions, civic organizations, community organizations, or cultural  
6 organizations, support the proposed sustainable community plan and have pledged  
7 resources to develop or implement it;

8 (2) the proposed sustainable community plan addresses the need for  
9 reinvestment in the area and will enhance the area, and give individuals of different  
10 incomes a range of housing options, employment opportunities, and other amenities;

11 (3) a community in the proposed area is culturally or historically  
12 significant;

13 (4) the proposed area is near a town center or a transportation center;

14 (5) the proposed sustainable community plan is consistent with and  
15 complements other existing or proposed projects for housing, commercial or  
16 community development, education, historic preservation, neighborhood revitalization,  
17 transportation, or other things significant to the comprehensive enhancement of the  
18 community; or

19 (6) there is a demonstrated need for financing assistance for small  
20 businesses, nonprofit organizations, or microenterprises.

21 The Charter of Baltimore City

22 Article II – General Powers

23 The Mayor and City Council of Baltimore shall have full power and authority to  
24 exercise all of the powers heretofore or hereafter granted to it by the Constitution of  
25 Maryland or by any Public General or Public Local Laws of the State of Maryland; and  
26 in particular, without limitation upon the foregoing, shall have power by ordinance, or  
27 such other method as may be provided for in its Charter, subject to the provisions of  
28 said Constitution and Public General Laws:

29 (62)

30 **(K) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND**  
31 **CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A**  
32 **POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A SUSTAINABLE**  
33 **COMMUNITY AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC**  
34 **DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.**

35 (62A)

1           **(T) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND**  
2 **CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A**  
3 **POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A SUSTAINABLE**  
4 **COMMUNITY AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC**  
5 **DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.**

6           SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be  
7 construed or interpreted to limit the use outside of a sustainable community of tax  
8 increment financing as provided for in Title 12, Subtitle 2 of the Economic  
9 Development Article.

10           SECTION 3. AND BE IT FURTHER ENACTED, That a political subdivision  
11 that issues bonds, notes, or other similar instruments for a sustainable community as  
12 provided for in ~~Article 23A, § 41A of the Code, Article 24, § 9-1301 of the Code, Title~~  
13 21, Subtitle 4, Part II or Title 21, Subtitle 5 of the Local Government Article or Title  
14 12, Subtitle 2 of the Economic Development Article, or demonstrates to the  
15 appropriate unit of State government that the political subdivision has funded  
16 infrastructure improvements in a sustainable community, shall receive priority for  
17 other State funding for that sustainable community in the following programs:

18           (1) Community Legacy Program;

19           (2) Sustainable Communities Tax Credit Program for commercial  
20 properties;

21           (3) Neighborhood Business Development Program;

22           (4) Maryland Historical Trust Grant Programs; and

23           (5) African American Heritage Grant Program.

24           SECTION 4. AND BE IT FURTHER ENACTED, That:

25           (a) On or before October 1, 2013, the Department of Planning shall produce a  
26 models and guidelines report on the best practices for tax increment financing.

27           (b) The models and guidelines report shall include information on the  
28 services that the Maryland Economic Development Corporation can offer local  
29 jurisdictions relating to tax increment financing in sustainable communities.

30           SECTION 5. AND BE IT FURTHER ENACTED, That:

31           (a) On or before October 1, 2013, the Department of Planning shall develop  
32 an online tax increment financing education course.

1           **(b)**    The Department of Planning shall consult with the Maryland Economic  
2 Development Corporation when developing the online tax increment financing  
3 education course.

4           **(c)**    The online tax increment financing education course shall include:

5                   **(1)**    the benefits and risks of tax increment financing; and

6                   **(2)**    information on the services that the Maryland Economic  
7 Development Corporation can offer local jurisdictions with regard to tax increment  
8 financing in sustainable communities.

9           **(d)**    Before a local jurisdiction may use the tax increment financing authority  
10 for sustainable communities established under this Act, the chief administrative  
11 officer or the chief financial officer of the local jurisdiction shall complete the online  
12 tax increment financing education course.

13           **(e)**    The Department of Planning shall create a certification for completion of  
14 the online tax increment financing education course and keep a record of individuals  
15 who receive the certification.

16           **(f)**    The Department of Planning shall forward the list of individuals who  
17 have received the certification for completion of the online tax increment financing  
18 education course to the:

19                   **(1)**    units of State government that are required to grant priority  
20 funding under Section 3 of this Act; and

21                   **(2)**    the Maryland Economic Development Corporation.

22           SECTION ~~4~~ 6. AND BE IT FURTHER ENACTED, That this Act shall take  
23 effect October 1, 2013.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.