

# SENATE BILL 900

Q2

3lr2488  
CF HB 335

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By: ~~Senator Jones-Rodwell~~

Introduced and read first time: February 11, 2013

Assigned to: Rules

Re-referred to: Budget and Taxation, February 21, 2013

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2013

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

1 AN ACT concerning

2 **Baltimore City – ~~Community Development Projects~~ – Payment in Lieu of**  
3 **Taxes Agreements – Economic Development Projects**

4 FOR the purpose of ~~authorizing the City of Baltimore to exempt certain real estate~~  
5 ~~development projects that provide job opportunities and involve private~~  
6 ~~investment of less than specified amounts and are located outside of a specified~~  
7 ~~urban renewal area from Baltimore City real property tax if the owner of the~~  
8 ~~project and Baltimore City enter into a certain payment in lieu of taxes~~  
9 ~~agreement; defining a certain term; altering the definition of “economic~~  
10 ~~development project” used for certain provisions of law relating to payment in~~  
11 ~~lieu of taxes agreements in Baltimore City to remove the requirement that the~~  
12 ~~project must be located in a certain urban renewal area; making conforming~~  
13 changes; providing for the application of this Act; and generally relating to  
14 payment in lieu of taxes agreements for certain ~~real estate~~ economic  
15 development projects in Baltimore City.

16 BY repealing and reenacting, with amendments,

17 Article – Tax – Property

18 Section 7–504.3

19 Annotated Code of Maryland

20 (2012 Replacement Volume)

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

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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.



1 **Article – Tax – Property**

2 7–504.3.

3 (a) (1) In this section the following words have the meanings indicated.

4 (2) “Economic development project” means a real estate development  
5 project for which a payment in lieu of taxes agreement was entered into prior to June  
6 30, 1999, in accordance with former § 7–504.1 of this subtitle as enacted by Chapter  
7 403 of the Acts of 1996, or that consists of newly constructed or rehabilitated  
8 commercial or multifamily residential property if the real estate development project:

9 (i) had a certificate of occupancy as of January 1, 1999 or will  
10 have a certificate of occupancy issued on or after January 1, 1999; **AND**

11 (ii) ~~is located on one or more parcels of land, all of which are~~  
12 ~~situated in an urban renewal area; and~~

13 ~~(iii)~~ includes at least one of the following:

14 1. a hotel that:

15 A. provides at least 100 full-time equivalent job  
16 opportunities; and

17 B. has a private capital investment of equity and debt  
18 combined of at least \$20,000,000;

19 2. an office building that:

20 A. provides at least 150 full-time equivalent job  
21 opportunities; and

22 B. has a private capital investment of equity and debt  
23 combined of at least \$20,000,000;

24 3. a retail facility that:

25 A. provides at least 100 full-time equivalent job  
26 opportunities; and

27 B. has a private capital investment of equity and debt  
28 combined of at least \$10,000,000;

29 4. a multifamily residential facility that has a private  
30 capital investment of equity and debt combined of at least \$5,000,000;

- 1                                   5.     an off–street parking facility that:
- 2                                   A.     contains at least 250 parking spaces; and
- 3                                   B.     has a private capital investment of equity and debt  
4 combined of at least \$2,500,000; or
- 5                                   6.     a mixed–use facility that contains one or more of the  
6 facilities described in items 1 through 5 of this item, at least one of which satisfies the  
7 minimum criteria set forth in item 1, 2, 3, 4, or 5 of this item.

8                   ~~(3)     “Urban renewal area” means the following urban renewal areas so~~  
9 ~~designated by urban renewal ordinances enacted by the Mayor and City Council of~~  
10 ~~Baltimore under the Baltimore City Charter:~~

- 11                                   ~~(i)     Camden Station Area;~~
- 12                                   ~~(ii)    Charles Center;~~
- 13                                   ~~(iii)   Financial District;~~
- 14                                   ~~(iv)    Harbor Campus;~~
- 15                                   ~~(v)     Inner Harbor East;~~
- 16                                   ~~(vi)    Inner Harbor Project 1;~~
- 17                                   ~~(vii)   Inner Harbor West;~~
- 18                                   ~~(viii)  Market Center;~~
- 19                                   ~~(ix)    Market Center West;~~
- 20                                   ~~(x)     Municipal Center; and~~
- 21                                   ~~(xi)    Key Highway.~~

22                   (b)    An economic development project is exempt or partially exempt from  
23 Baltimore City real property tax if:

- 24                                   (1)    the owner or owners of the economic development project  
25 demonstrate to the satisfaction of the Board of Estimates of Baltimore City:
- 26                                   (i)     that the City of Baltimore or its designated agency has  
27 conducted an economic analysis of the project including:

1                   1.     a detailed description of the project and the  
2 development budget including the identification of all sources of debt and equity  
3 financing;

4                   2.     a multiyear cash flow proforma of the project detailing  
5 all incoming and outgoing cash flow including revenues, operating expenses, debt  
6 service, taxes, capital expenditures and any other cash outlays;

7                   3.     the projected return on investment for the owner;

8                   4.     a determination that the project is an economic  
9 development project meeting the requirements of this section; and

10                  5.     any other relevant analysis;

11                  (ii)    the public benefit that the project will provide, including:

12                   1.     the number of jobs expected to be created, directly or  
13 indirectly, as a result of the project and the percentage of those jobs expected to be  
14 held by residents of Baltimore City;

15                   2.     the wage rates and benefit packages for the jobs  
16 expected to be created;

17                   3.     other tax revenues of Baltimore City, exclusive of real  
18 property taxes, that the project is expected to generate during the term of the payment  
19 in lieu of taxes agreement, including admissions and amusement, personal property,  
20 hotel, parking, utility, and other taxes;

21                   4.     the encouragement of economic development;

22                   5.     the general promotion and improvement of Baltimore  
23 City and its facilities; and

24                   6.     any other relevant benefits;

25                  (iii)   the financial necessity for an exemption as authorized under  
26 this section; and

27                  (iv)   that the private capital being invested in the economic  
28 development project includes an equity investment that is:

29                   1.     commensurate with the overall undertaking; and

30                   2.     A.    at least 10% of the combined equity and debt  
31 investment in the case of a hotel facility or an office building facility; or

1 B. at least \$250,000 in the case of a multifamily  
2 residential facility or an off-street parking facility;

3 (2) the Mayor and City Council of Baltimore City have authorized the  
4 project by a resolution that stipulates that the project will not involve gambling  
5 activities:

6 (i) beyond those gambling activities allowed by law as of  
7 January 1, 1999; or

8 (ii) related to any game not authorized by the Maryland State  
9 Lottery;

10 (3) the owner or owners of the economic development project and the  
11 Baltimore City Board of Estimates enter into a payment in lieu of taxes agreement  
12 specifying:

13 (i) an amount that the owner or owners shall pay to Baltimore  
14 City each year in lieu of the payment of Baltimore City real property taxes during the  
15 term of the agreement that is not less than:

16 1. except as provided in item 3 of this item, for an  
17 economic development project that is newly constructed or rehabilitated commercial or  
18 multifamily property, the sum of the taxes on the property before the construction or  
19 rehabilitation of the project and 5% of the Baltimore City real property taxes related to  
20 the economic development project that would have otherwise been due absent the  
21 agreement;

22 2. except as provided in item 3 of this item, for an  
23 economic development project that was the subject of a payment in lieu of taxes  
24 agreement prior to June 30, 1999, in accordance with former § 7-504.1 of this subtitle  
25 as enacted by Chapter 403 of the Acts of 1996, 5% of the Baltimore City real property  
26 taxes related to the economic development project that would have otherwise been due  
27 absent the agreement; or

28 3. for an economic development project for which a  
29 building permit is issued prior to September 30, 1999, the taxes on the property before  
30 the construction or rehabilitation of the project;

31 (ii) the term of the agreement, not to exceed 25 years from the  
32 date a certificate of occupancy for the project is issued; and

33 (iii) that each year after the expiration of the agreement, full  
34 property taxes shall be payable on the property; and

35 (4) prior to or no later than 18 months from the date of entering into  
36 the payment in lieu of taxes agreement, construction of the project has commenced

1 and all conditions for the financing required for the construction of the project have  
2 been satisfied or waived.

3 (c) An economic development project is exempt or partially exempt from  
4 Baltimore City real property tax as the parties agree under subsection (b) of this  
5 section.

6 ~~(D) (1) IN THIS SUBSECTION, "COMMUNITY DEVELOPMENT PROJECT"~~  
7 ~~MEANS A REAL ESTATE DEVELOPMENT PROJECT THAT CONSISTS OF NEWLY~~  
8 ~~CONSTRUCTED OR REHABILITATED COMMERCIAL OR MULTIFAMILY~~  
9 ~~RESIDENTIAL PROPERTY THAT:~~

10 ~~(I) CONTAINS ONE OR MORE OF THE FOLLOWING:~~

11 ~~1. A HOTEL;~~

12 ~~2. AN OFFICE BUILDING;~~

13 ~~3. A RETAIL FACILITY;~~

14 ~~4. A MULTIFAMILY RESIDENTIAL FACILITY; OR~~

15 ~~5. AN OFF-STREET PARKING FACILITY;~~

16 ~~(II) IS NOT LOCATED IN AN URBAN RENEWAL AREA;~~

17 ~~(III) DOES NOT SATISFY ANY OF THE MINIMUM CRITERIA SET~~  
18 ~~FORTH IN SUBSECTION (A)(2)(III) 1, 2, 3, 4, OR 5 OF THIS SECTION; AND~~

19 ~~(IV) HAS A CERTIFICATE OF OCCUPANCY.~~

20 ~~(2) A COMMUNITY DEVELOPMENT PROJECT IS EXEMPT OR~~  
21 ~~PARTIALLY EXEMPT FROM BALTIMORE CITY REAL PROPERTY TAX:~~

22 ~~(I) IF ALL THE REQUIREMENTS OF SUBSECTION (B) OF THIS~~  
23 ~~SECTION HAVE BEEN SATISFIED, EXCEPT FOR SUBSECTION (B)(1)(IV) 2 OF THIS~~  
24 ~~SECTION; AND~~

25 ~~(II) AS THE PARTIES AGREE UNDER SUBSECTION (B) OF~~  
26 ~~THIS SECTION.~~

27 ~~[(d)] (E)~~ On or before January 1 of each year, the City of Baltimore or its  
28 designated agency shall report to the President of the City Council of Baltimore and,  
29 subject to § 2-1246 of the State Government Article, to the General Assembly of  
30 Maryland:

1 (1) a description of each project for which the City entered into a  
2 payment in lieu of taxes agreement under this section during the prior fiscal year,  
3 including a statement of:

4 ~~(i) the basis on which each project met the requirements set~~  
5 ~~forth in subsection (a)(3) of this section, IF APPLICABLE; and~~

6 ~~(ii)~~ the analysis of the project described in subsection (b)(1) of  
7 this section; and

8 (2) for those projects that have a payment in lieu of taxes agreement  
9 and for which construction or rehabilitation has been completed:

10 (i) the number and types of jobs created during the preceding  
11 fiscal year and estimated to be created during the following fiscal year;

12 (ii) the total taxes that the project is estimated to have  
13 generated, directly and indirectly, for the City of Baltimore during the preceding fiscal  
14 year and estimated to be generated during the following fiscal year; and

15 (iii) any other economic benefits of the project.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 June 1, 2013, and shall be applicable to all taxable years beginning after June 30,  
18 2013.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.