

Chapter 624

(House Bill 613)

AN ACT concerning

Sustainable Communities – Designation and Financing

FOR the purpose of authorizing ~~municipal corporations~~ municipalities and certain counties to finance the cost of certain infrastructure improvements in a sustainable community in the same manner as a transit-oriented development under certain circumstances; authorizing a political subdivision to use certain alternative local tax revenues for tax increment financing in connection with a sustainable community under certain circumstances; providing that bonds can be used for certain purposes in sustainable communities under certain circumstances; authorizing a political subdivision to determine a certain base of a certain brownfields site in a sustainable community under certain circumstances; authorizing a political subdivision to pledge tax increment revenue to secure the payment of obligations to the Maryland Economic Development Corporation for infrastructure improvements located in a sustainable community; providing for the construction of this Act; providing that certain political subdivisions will get priority for State funding under certain circumstances; defining and altering certain terms; providing that the Mayor and City Council of Baltimore City may use certain authority granted under State law to a political subdivision for tax increment financing in a sustainable community for certain purposes; requiring the Department of Planning to produce a certain models and guidelines report on or before a certain date; requiring the Department to develop a certain online tax increment financing education course on or before a certain date; requiring 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 119 (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 119 (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,
Article – Housing and Community Development
Section 6-201(l) and 6-205(a)
Annotated Code of Maryland
(2006 Volume and 2012 Supplement)

BY adding to
Article – Housing and Community Development
Section 6-214
Annotated Code of Maryland
(2006 Volume and 2012 Supplement)

BY adding to
The Charter of Baltimore City
Article II
Section (62)(k) and (62A)(t)

(2007 Replacement Volume, as amended)

Preamble

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

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

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

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

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

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

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

~~Article 23A—Corporations—Municipal~~~~44A.~~

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

- ~~(i) Create a special taxing district;~~
- ~~(ii) Levy ad valorem or special taxes; and~~
- ~~(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, and other infrastructure improvements as necessary, whether situated within the special taxing district or the municipal corporation or outside of the municipal corporation if notification is given to the governmental unit having jurisdiction over the infrastructure improvement and 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 municipal corporation.~~

~~(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 24 — Political Subdivisions — Miscellaneous Provisions~~

~~9-1301.~~

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

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

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

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

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

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

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

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

(1) in the special taxing district;

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

(3) outside the municipality if:

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

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

(C) FOR THE PURPOSES OF THIS PART AND ANY AUTHORITY GRANTED BY THIS PART, 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.

21-503.

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

(1) establish a special taxing district;

(2) impose ad valorem or special taxes; and

(3) issue bonds.

21-504.

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

(1) finance, refinance, or reimburse the cost of establishing, acquiring, designing, constructing, altering, or extending adequate infrastructure improvements as necessary for the development and use of land in any defined geographic region in

the county, including storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, and solid waste facilities; and

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

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

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

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

(1) in the special taxing district; or

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

(C) FOR THE PURPOSES OF THIS SUBTITLE AND ANY AUTHORITY GRANTED BY THIS SUBTITLE, 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 – Economic Development

12-201.

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

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

(c) “Assessable base” means the total assessable base, as determined by the Supervisor of Assessments **OR THE GOVERNING BODY IN ACCORDANCE WITH § 12-203 12-203(B) OF THIS SUBTITLE**, of all real property subject to taxation in a development district **OR IDENTIFYING THE A SUSTAINABLE COMMUNITY.**

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

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

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

- (1) a political subdivision; or
- (2) the revenue authority of Prince George’s County.

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) the original [assessable] base.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12–203.

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

(1) ~~[(designate)]~~ by resolution:

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

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

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

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

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

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

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

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

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

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

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

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

12-207.

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

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

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

(ii) needed for a right-of-way or other easement to or from the development district OR A SUSTAINABLE COMMUNITY;

(2) for site removal;

(3) for surveys and studies;

(4) to relocate businesses or residents;

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

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

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

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

- (I) HISTORIC PRESERVATION OR REHABILITATION;**
- (II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND SITE PREPARATION;**
- (III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**
- (IV) HIGHWAYS AS DEFINED IN § 8-101 OF THE TRANSPORTATION ARTICLE OR TRANSIT SERVICE AS DEFINED IN § 7-101 OF THE TRANSPORTATION ARTICLE THAT SUPPORT SUSTAINABLE COMMUNITIES;**
- (V) SCHOOLS; ~~AND~~**
- (VI) AFFORDABLE OR MIXED INCOME HOUSING; AND**
- (VII) STORMWATER MANAGEMENT AND STORM DRAIN FACILITIES.**

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

- (i) for convention, conference, or visitors' centers;
- (ii) to maintain infrastructure improvements and convention, conference, or visitors' centers;
- (iii) to market development district facilities and other improvements; and
- (iv) for the purpose of encouraging redevelopment in those areas listed in paragraph (2) of this subsection, to install infrastructure improvements, including:
 - 1. streets;
 - 2. parking structures of any type whether for public or private use;
 - 3. utilities;
 - 4. street lights;
 - 5. stormwater management and storm drain facilities;
 - 6. fencing;
 - 7. noise walls;
 - 8. retaining walls;
 - 9. trails;
 - 10. sidewalks;
 - 11. pedestrian and vehicular bridges; and
 - 12. park facilities.

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

- (i) revitalization areas designated by the county;

(ii) mixed use centers;

(iii) blighted areas; and

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

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

(i) streets;

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

(iii) utilities;

(iv) street lights;

(v) stormwater management and storm drain facilities;

(vi) fencing;

(vii) noise walls;

(viii) retaining walls;

(ix) trails;

(x) sidewalks;

(xi) pedestrian and vehicular bridges; and

(xii) park facilities.

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

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

(ii) mixed use centers;

(iii) blighted areas; and

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

12-208.

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

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

(2) are outstanding at the time of adoption.

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

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

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

12-209.

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

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

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

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

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

(b) (1) Subject to paragraph (2) of this subsection, the political subdivision that has created a special fund for a development district **OR A SUSTAINABLE COMMUNITY** may pledge under an agreement that amounts deposited to the special fund shall be paid over to secure payment on MEDCO obligations.

(2) The agreement shall:

(i) be in writing;

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

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

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

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

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

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

12-210.

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

(2) The agreement shall:

(i) be in writing;

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

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

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

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

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

(2) be applied to the other purposes stated in § 12-209 of this subtitle.

12-211.

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

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

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

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

Article – Housing and Community Development

6-201.

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

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

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

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

6-205.

(a) The Smart Growth Subcabinet, on the recommendation of the Secretary, may designate an area as a sustainable community if the sponsor demonstrates that past and current trends in homeownership, property values, commercial and residential vacancy, and business or housing investment show a need for reinvestment in the area and if:

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

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

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

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

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

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

6-214.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A SUSTAINABLE COMMUNITY SHALL RECEIVE PRIORITY FOR STATE FUNDING UNDER THE:

(1) COMMUNITY LEGACY PROGRAM UNDER THIS SUBTITLE;

(2) SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM FOR COMMERCIAL PROPERTIES UNDER TITLE 5A, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(3) NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM UNDER SUBTITLE 3 OF THIS TITLE;

(4) MARYLAND HISTORICAL TRUST GRANT PROGRAM UNDER TITLE 5A, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(5) AFRICAN AMERICAN HERITAGE GRANT PROGRAM UNDER TITLE 5A, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(B) PRIORITY FOR STATE FUNDING PROVIDED UNDER SUBSECTION (A) OF THIS SECTION IS AVAILABLE IN A SUSTAINABLE COMMUNITY ONLY IF:

(1) A POLITICAL SUBDIVISION ISSUES BONDS, NOTES, OR OTHER SIMILAR INSTRUMENTS FOR THAT SUSTAINABLE COMMUNITY UNDER:

(I) TITLE 21, SUBTITLE 4, PART II OF THE LOCAL GOVERNMENT ARTICLE;

(II) TITLE 21, SUBTITLE 5 OF THE LOCAL GOVERNMENT ARTICLE; OR

(III) TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE; OR

(2) A POLITICAL SUBDIVISION DEMONSTRATES TO THE APPROPRIATE UNIT OF STATE GOVERNMENT THAT THE POLITICAL SUBDIVISION HAS FUNDED INFRASTRUCTURE IMPROVEMENTS IN THAT SUSTAINABLE COMMUNITY.

The Charter of Baltimore City

Article II – General Powers

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

(62)

(K) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A SUSTAINABLE

COMMUNITY AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

(62A)

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

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

~~SECTION 3. AND BE IT FURTHER ENACTED, That a political subdivision that issues bonds, notes, or other similar instruments for a sustainable community as provided for in Article 23A, § 44A of the Code, Article 24, § 9-1301 of the Code, Title 21, Subtitle 4, Part II or Title 21, Subtitle 5 of the Local Government Article or Title 12, Subtitle 2 of the Economic Development Article, or demonstrates to the appropriate unit of State government that the political subdivision has funded infrastructure improvements in a sustainable community, shall receive priority for other State funding for that sustainable community in the following programs:~~

- ~~(1) Community Legacy Program;~~
- ~~(2) Sustainable Communities Tax Credit Program for commercial properties;~~
- ~~(3) Neighborhood Business Development Program;~~
- ~~(4) Maryland Historical Trust Grant Programs; and~~
- ~~(5) African American Heritage Grant Program.~~

SECTION 4. 3. AND BE IT FURTHER ENACTED, That:

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

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

SECTION ~~5~~ 4. AND BE IT FURTHER ENACTED, That:

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

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

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

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

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

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

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

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

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

(2) the Maryland Economic Development Corporation.

SECTION ~~4~~ ~~6~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2013.

Approved by the Governor, May 16, 2013.