

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 600  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after “institution;” insert “requiring the Secretary to approve or reject an application for designation as a qualified institution within a certain number of days after the application is submitted;”; in line 11, after “Enterprise” insert “(RISE)”; in the same line, after “zone;” insert “authorizing a qualified institution to make a joint application with a county, a municipal corporation, or a certain entity of a county or a municipal corporation to the Secretary to have a certain area in the State designated as a RISE zone;”; in lines 12, 15, 17, 18, and 21, in each instance, before “zone” insert “RISE”; in line 12, after “application” insert “and define the boundaries of a RISE zone”; in line 15, after “application;” insert “authorizing certain entities to provide certain advice to the Secretary; providing the Secretary may not approve more than a certain number of RISE zones in a county for which the county did not make a certain application; providing that a qualified institution may not be required to be in the immediate vicinity of a proposed RISE zone in a rural part of the State; authorizing the governing body of a county, under certain circumstances, to establish the percentage of a certain property tax credit;”; in line 18, after “assistance” insert “if the entity receives a certain certification; requiring the Department and the Comptroller, each year, to jointly make certain assessments and submit certain reports; authorizing certain political subdivisions to identify certain zones and pledge certain property taxes in certain zones; authorizing certain political subdivisions to use the proceeds from certain bond issues for certain purposes; authorizing the governing body of certain political subdivisions to create a special fund for certain purposes; authorizing the governing body of certain political subdivisions to pledge certain tax revenue generated within certain zones; requiring that a political subdivision that leases as a lessor certain property within a certain zone be assessed and taxed in a certain manner”; and in line 24, after “areas;” insert “authorizing the governing body of a county, under certain circumstances, to alter the calculation of a

(Over)

certain credit; providing that the governing body of a municipal corporation, under certain circumstances, may not alter the calculation of a certain credit;”.

AMENDMENT NO. 2

On page 2, in line 5, after “areas;” insert “authorizing the Mayor and City Council of Baltimore City to use certain authority granted under State law to a political subdivision for tax increment financing in a certain zone; requiring the Comptroller to prepare a certain report;”; in line 11, after “(10)” insert “, 12-203(a) and (c), 12-207(a), 12-208(a), 12-209, 12-210, and 12-211”; in line 16, strike “and”; in the same line, strike “5-1406” and substitute “5-1407”; in line 17, after “Program” insert “; 12-201(n-1) and 12-207(e)”; after line 19, insert:

“BY repealing and reenacting, without amendments,

Article - Economic Development

Section 12-201(a)

Annotated Code of Maryland

(2008 Volume and 2013 Supplement)”;

and after line 39, insert:

“BY adding to

The Charter of Baltimore City

Article II

Section (62)(L) and (62A)(U)

(2007 Replacement Volume, as amended)”.

AMENDMENT NO. 3

On page 3, strike in its entirety line 29.

On page 4, in lines 1, 3, and 5, strike “**(2)**”, “**(3)**”, and “**(4)**”, respectively, and substitute “**(1)**”, “**(2)**”, and “**(3)**”, respectively; and in line 8, strike “**RISE**” and substitute “**REGIONAL INSTITUTION STRATEGIC ENTERPRISE**”.

On page 5, after line 21, insert:

**“(F) WITHIN 90 DAYS AFTER SUBMISSION OF AN APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL APPROVE OR REJECT THE APPLICATION OF AN INSTITUTION TO BE DESIGNATED AS A QUALIFIED INSTITUTION.”**

in line 23, after “(A)” insert “**(1)**”; in line 24, strike “**RISE**” and substitute “**REGIONAL INSTITUTION STRATEGIC ENTERPRISE**”; and after line 24, insert:

**“(2) A QUALIFIED INSTITUTION MAY APPLY JOINTLY WITH A COUNTY, A MUNICIPAL CORPORATION, OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR A MUNICIPAL CORPORATION.”**

**AMENDMENT NO. 4**

On page 6, in line 7, after “SHALL” insert “**:**

**(I)**”;

in line 8, after “ZONE” insert “**;** **AND**

**(II) DEFINE THE BOUNDARIES OF THE APPROVED RISE ZONE**”;

in line 16, after “REGARDING” insert “**:**

**(I)**”;

in line 17, after “ZONE” insert “**;** **OR**

(Over)

**(II) THE BOUNDARIES OF THE PROPOSED RISE ZONE.**

**(4) THE SECRETARY MAY NOT APPROVE MORE THAN 3 RISE ZONES IN A COUNTY FOR WHICH THE COUNTY DID NOT APPLY JOINTLY UNDER SUBSECTION (A)(2) OF THIS SECTION**”;

after line 17, insert:

**“(E) IF THE PROPOSED RISE ZONE IS IN A RURAL PART OF THE STATE, A QUALIFIED INSTITUTION MAY NOT BE REQUIRED TO BE IN THE IMMEDIATE AREA OF THE RISE ZONE.**

**(F) SUBJECT TO § 9-103.1(C)(5) OF THE TAX – PROPERTY ARTICLE, IF A QUALIFIED INSTITUTION DOES NOT APPLY FOR THE DESIGNATION OF A RISE ZONE JOINTLY WITH A COUNTY OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY, THE GOVERNING BODY OF THE COUNTY MAY ESTABLISH THE PERCENTAGE OF THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY TO WHICH THE PROPERTY TAX CREDIT ESTABLISHED UNDER § 9-103.1 OF THE TAX - PROPERTY ARTICLE APPLIES.**”;

in lines 19 and 21, in each instance, after “BUSINESS” insert “AND COMMUNITY”;  
and in line 26, after “DEVELOPMENT,” insert “THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION,”.

**AMENDMENT NO. 5**

On page 7, in line 17, after “(C)” insert “A BUSINESS ENTITY MAY NOT QUALIFY FOR THE INCENTIVES UNDER SUBSECTION (A) OF THIS SECTION UNLESS THE DEPARTMENT, IN CONSULTATION WITH THE COUNTY OR MUNICIPAL CORPORATION IN WHICH A RISE ZONE IS LOCATED, CERTIFIES THE

BUSINESS ENTITY AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE.

(D)”;

and after line 25, insert:

“5-1407.

(A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ASSESS EACH YEAR THE EFFECTIVENESS OF THE TAX INCENTIVES PROVIDED TO BUSINESS ENTITIES IN RISE ZONES:

(1) THE NUMBER AND AMOUNTS OF TAX INCENTIVES GRANTED EACH YEAR; AND

(2) THE SUCCESS OF THE TAX INCENTIVES IN ATTRACTING AND RETAINING BUSINESS ENTITIES IN RISE ZONES.

(B) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT AND THE COMPTROLLER SHALL SUBMIT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY A REPORT OUTLINING THE FINDINGS OF THE DEPARTMENT AND THE COMPTROLLER AND ANY OTHER INFORMATION OF VALUE IN DETERMINING THE EFFECTIVENESS OF THE TAX INCENTIVES AUTHORIZED UNDER THIS SUBTITLE.

12-201.

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

(Over)

(N-1) "RISE ZONE" MEANS AN AREA DESIGNATED AS A RISE ZONE UNDER § 5-1404 OF THIS ARTICLE.

12-203.

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

(1) 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; OR

(III) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A RISE ZONE;

(2) receive from the Supervisor of Assessments a certification of the amount of the original 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, A RISE ZONE, 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.

(c) The establishment or identification by a county of a development district, A RISE ZONE, or a sustainable community that is wholly or partly in a municipal corporation shall also require a resolution approving the development district, RISE ZONE, or sustainable community by the governing body of the municipal corporation.

12–207.

(a) Except as provided in [subsection (b)] SUBSECTIONS (B) AND (E) 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, A RISE ZONE, or a sustainable community; or

(ii) needed for a right-of-way or other easement to or from the development district, A RISE ZONE, or a sustainable community;

(2) for site removal;

(3) for surveys and studies;

(4) to relocate businesses or residents;

(Over)

(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.

**(E) (1) THIS SUBSECTION APPLIES TO A RISE ZONE 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 RISE ZONE 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) SCHOOLS;

(V) AFFORDABLE OR MIXED INCOME HOUSING;

(VI) STORMWATER MANAGEMENT AND STORM DRAIN FACILITIES;

(VII) INNOVATION CENTERS AND LABORATORY FACILITIES, OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE, INCLUDING MAINTENANCE AND INSTALLATION OF IMPROVEMENTS IN THE STRUCTURES AND SERVICES THAT SUPPORT THE PURPOSES OF THE RISE ZONE PROGRAM; AND

(VIII) ANY OTHER FACILITIES OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE THAT SUPPORT THE PURPOSES OF THE RISE ZONE PROGRAM.

12-208.

(a) The governing body of a political subdivision may adopt a resolution creating a special fund for a development district, A RISE ZONE, or a sustainable community even though no bonds:

(1) have been issued for the development district, THE RISE ZONE, or the sustainable community; or

(2) are outstanding at the time of adoption.

(Over)

12-209.

(a) Subject to subsection (c) of this section, the special fund for the development district, **THE RISE ZONE**, 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, **A RISE ZONE**, 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, **A RISE ZONE**, 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, **A RISE ZONE**, 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

(Over)

(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 **RISE ZONE**, 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, A **RISE ZONE**, 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.”.

AMENDMENT NO. 6

On page 9, in line 10, strike “**THE**” and substitute “**EXCEPT AS PROVIDED IN PARAGRAPHS (4) AND (5) OF THIS SUBSECTION, THE**”.

AMENDMENT NO. 7

On page 10, after line 13, insert:

**“(III) 1. IF A BUSINESS ENTITY IS CERTIFIED AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA, THE AMOUNT OF THE REQUIRED REIMBURSEMENT UNDER § 9-103(H) OF THIS SUBTITLE MAY ONLY BE FOR THE AMOUNT REQUIRED FOR THE REQUIRED PROPERTY TAX CREDITS UNDER § 9-103 OF THIS SUBTITLE.**

**2. THE PROPERTY TAX CREDITS REQUIRED UNDER SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH DO NOT ALTER THE AMOUNT OF FUNDS REQUIRED TO BE REIMBURSED UNDER § 9-103(H) OF THIS SUBTITLE.**

**(5) (I) IF THE QUALIFIED PROPERTY IS LOCATED IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY DID NOT JOINTLY APPLY FOR UNDER § 5-1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE AMOUNT OF THE PROPERTY TAX CREDIT IS EQUAL TO AT LEAST THE AMOUNT PROVIDED UNDER THIS PARAGRAPH.**

(II) THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO 50% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 5 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY BECOMES QUALIFIED PROPERTY.

(III) THE GOVERNING BODY OF A COUNTY MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH.

(IV) THE GOVERNING BODY OF A MUNICIPAL CORPORATION MAY NOT ALTER THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH.”.

AMENDMENT NO. 8

On page 16, after line 24, insert:

“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:

(L) 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 REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

(62A)

(U) 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 REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE 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, before adopting regulations to implement the provisions of this Act, the Department of Business and Economic Development shall organize a group of interested parties, stakeholders, and experts in community development to provide advice on the regulations.

SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1, 2017, the Comptroller shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on the cost and impact of the tax incentive for depreciation under § 10-210.1(c) of the Tax – General Article.”;

and in line 25, strike “2.” and substitute “4.”.