

# HOUSE BILL 1553

C8, Q1

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CF SB 1066

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By: **Delegate Walker**

Introduced and read first time: February 19, 2016

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – BRAC Revitalization and Incentive Zones –**  
3 **Extraordinary Development District**

4 FOR the purpose of authorizing the Secretary of Commerce to designate, in a calendar year,  
5 an additional BRAC Revitalization and Incentive Zone that includes a certain  
6 development district in which a federal law enforcement agency is located; increasing  
7 the number of BRAC Zones a county may receive if the zone includes a certain  
8 development district; increasing the number of years the Secretary may designate a  
9 certain area as a BRAC Zone under certain circumstances; increasing the number of  
10 years a certain political subdivision may receive certain payments from the State for  
11 certain BRAC Zone property tax increments; increasing a certain limit on the  
12 amount of certain payments from the State under certain circumstances; providing  
13 for the application of certain provisions of this Act; defining a certain term; and  
14 generally relating to BRAC Revitalization and Incentive Zones.

15 BY repealing and reenacting, with amendments,  
16 Article – Economic Development  
17 Section 5–1301 and 5–1304  
18 Annotated Code of Maryland  
19 (2008 Volume and 2015 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Tax – Property  
22 Section 2–222(a) through (c)  
23 Annotated Code of Maryland  
24 (2012 Replacement Volume and 2015 Supplement)

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

27 **Article – Economic Development**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 5–1301.

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

3 (b) “Area” means a geographic area within one or more political subdivisions  
4 within the State described by a closed perimeter boundary.

5 (c) “BRAC Revitalization and Incentive Zone” means an area that:

6 (1) meets the requirements of § 5–1303 of this subtitle; and

7 (2) is designated as a BRAC Revitalization and Incentive Zone by the  
8 Secretary under § 5–1304 of this subtitle.

9 (d) “Enterprise zone” has the meaning stated in § 5–701 of this title.

10 **(E) “EXTRAORDINARY DEVELOPMENT DISTRICT” MEANS A CONTIGUOUS**  
11 **AREA:**

12 **(1) THAT IS DESIGNATED BY A RESOLUTION;**

13 **(2) THAT CONTAINS AT LEAST 50 ACRES OF LAND; AND**

14 **(3) IN WHICH A FEDERAL LAW ENFORCEMENT AGENCY IS LOCATED.**

15 **[(e)] (F)** “Political subdivision” means any county or municipal corporation.

16 **[(f)] (G)** “Submission date” means the date the Secretary receives an application  
17 from a political subdivision for designation of a BRAC Revitalization and Incentive Zone.

18 **[(g)] (H)** “Tax increment financing bonds” means bonds issued by:

19 (1) a political subdivision under Title 12, Subtitle 2 of this article; or

20 (2) Baltimore City under Article II, § 62 of the Charter of Baltimore City.

21 5–1304.

22 (a) (1) Within 60 days after a submission date, the Secretary, after receiving a  
23 recommendation of the Smart Growth Subcabinet, may designate one or more BRAC  
24 Revitalization and Incentive Zones, **ONE OF WHICH MAY INCLUDE AN EXTRAORDINARY**  
25 **DEVELOPMENT DISTRICT**, from among the areas described in the applications timely  
26 submitted.

1           (2) The designation of an area as a BRAC Revitalization and Incentive  
2 Zone is effective [for 10 years] **AS FOLLOWS**, beginning on the date the first property in  
3 the BRAC Revitalization and Incentive Zone becomes a qualified property, as defined in §  
4 2–222 of the Tax – Property Article:

5                   **(I) 10 YEARS, FOR AN AREA THAT DOES NOT INCLUDE AN**  
6 **EXTRAORDINARY DEVELOPMENT DISTRICT; AND**

7                   **(II) 20 YEARS, FOR AN AREA THAT INCLUDES AN**  
8 **EXTRAORDINARY DEVELOPMENT DISTRICT.**

9           (3) [The] **IN A CALENDAR YEAR, THE** Secretary may not designate more  
10 than:

11                   **(I) six BRAC Revitalization and Incentive Zones [in a calendar year]**  
12 **THAT DO NOT INCLUDE AN EXTRAORDINARY DEVELOPMENT DISTRICT; AND**

13                   **(II) ONE BRAC REVITALIZATION AND INCENTIVE ZONE THAT**  
14 **INCLUDES AN EXTRAORDINARY DEVELOPMENT DISTRICT.**

15           (4) **(I) [A] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
16 **PARAGRAPH, A county may not receive more than two BRAC Revitalization and Incentive**  
17 **Zones.**

18                   **(II) A COUNTY MAY RECEIVE THREE BRAC REVITALIZATION**  
19 **AND INCENTIVE ZONES IF ONE OF THE ZONES INCLUDES AN EXTRAORDINARY**  
20 **DEVELOPMENT DISTRICT.**

21           (5) The precise location and boundaries of a BRAC Revitalization and  
22 Incentive Zone may be determined only on application to and approval by the Secretary.

23           (b) The designation of the Secretary is final.

24           (c) At any time, a political subdivision may reapply to the Secretary to designate  
25 as a BRAC Revitalization and Incentive Zone an area that is not designated.

26           (d) (1) This subsection applies only to a political subdivision that is authorized  
27 under § 7–211.3 of the Tax – Property Article to enter into a payment in lieu of tax  
28 agreement with a private developer for federal enclave property.

29           (2) The Secretary may not designate a BRAC Revitalization and Incentive  
30 Zone in a county until, in the judgment of the Secretary, the political subdivision has  
31 entered into good faith negotiations for a payment in lieu of tax agreement with all private  
32 developers of federal enclave property.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
2 as follows:

3 **Article – Tax – Property**

4 2–222.

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

6 (2) “Base year” means the taxable year immediately before the taxable year  
7 in which property first becomes qualified property under this section.

8 (3) (i) “Base year value” means the value of the property used to  
9 determine the assessment on which the property tax on real property was imposed for the  
10 base year.

11 (ii) “Base year value” does not include any new real property that  
12 was first assessed in the base year.

13 (4) “BRAC Revitalization and Incentive Zone” has the meaning stated in §  
14 5–1301 of the Economic Development Article.

15 (5) “BRAC Revitalization and Incentive Zone Tax Rate” means the  
16 property tax rate of the political subdivision where a BRAC Revitalization and Incentive  
17 Zone is located for the taxable year when the Secretary of Commerce first designates the  
18 area as a BRAC Revitalization and Incentive Zone.

19 (6) “Eligible assessment” means the difference between the base year value  
20 and the actual value as determined by the Department for the applicable taxable year.

21 **(7) “EXTRAORDINARY DEVELOPMENT DISTRICT” HAS THE MEANING**  
22 **STATED IN § 5–1301 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

23 **[(7)] (8)** “Property tax increment” means the property tax attributable to  
24 the eligible assessment of qualified property.

25 **[(8)] (9)** “Qualified property” means real property that is:

26 (i) located in a BRAC Revitalization and Incentive Zone that is  
27 designated under Title 5, Subtitle 13 of the Economic Development Article; and

28 (ii) in one of the categories of commercial or residential property that  
29 the Department of Economic Competitiveness and Commerce has determined, in  
30 consultation with the Base Realignment and Closure Subcabinet and as provided in  
31 regulations adopted by the Department of Economic Competitiveness and Commerce,  
32 enhance the economic development of the BRAC Revitalization and Incentive Zone.

1           **[(9)] (10)**    “Tax increment financing bonds” means bonds issued:

2                   (i)     by a county or municipal corporation under Title 12, Subtitle 2 of  
3 the Economic Development Article; or

4                   (ii)    by Baltimore City under Article II, § 62 of the Charter of  
5 Baltimore City.

6           (b)    (1)    The amounts received by a political subdivision under this section may  
7 be used only for the purposes provided in § 5–1306 of the Economic Development Article.

8                   (2)    **(I)**    Subject to **SUBPARAGRAPH (II) OF THIS PARAGRAPH AND**  
9 subsections (c) and (f) of this section, [for each fiscal year for a period of 10 consecutive  
10 fiscal years beginning in fiscal 2010,] the State shall provide to each political subdivision  
11 in which a BRAC Revitalization and Incentive Zone has been established an amount equal  
12 to:

13                           **[(i)] 1.**     the State property tax increment on the qualified  
14 properties in the BRAC Revitalization and Incentive Zone; and

15                           **[(ii)] 2.**     one-half of the political subdivision’s property tax  
16 increment on qualified properties, determined using the BRAC Revitalization and  
17 Incentive Zone Tax Rate for the political subdivision.

18                           **(II)    BEGINNING AFTER THE DATE THE FIRST PROPERTY IN THE**  
19 **BRAC REVITALIZATION AND INCENTIVE ZONE BECOMES A QUALIFIED PROPERTY,**  
20 **REIMBURSEMENT TO A POLITICAL SUBDIVISION UNDER SUBPARAGRAPH (I) OF THIS**  
21 **PARAGRAPH SHALL BE PROVIDED EACH FISCAL YEAR:**

22                                   **1.    FOR A PERIOD OF 10 CONSECUTIVE FISCAL YEARS, IF**  
23 **THE BRAC REVITALIZATION AND INCENTIVE ZONE DOES NOT INCLUDE AN**  
24 **EXTRAORDINARY DEVELOPMENT DISTRICT; AND**

25                                   **2.    FOR A PERIOD OF 20 CONSECUTIVE FISCAL YEARS, IF**  
26 **THE BRAC REVITALIZATION AND INCENTIVE ZONE INCLUDES AN EXTRAORDINARY**  
27 **DEVELOPMENT DISTRICT.**

28           (c)    (1)    The total amount paid to all political subdivisions for any fiscal year  
29 under this section may not exceed the lesser of:

30                           (i)     the amount appropriated for the purpose of this section for that  
31 fiscal year in the State budget as approved by the General Assembly; or

1                                   (ii) 1. \$5,000,000, IF THE BRAC REVITALIZATION AND  
2 INCENTIVE ZONE DOES NOT INCLUDE AN EXTRAORDINARY DEVELOPMENT  
3 DISTRICT; OR

4                                   2. \$10,000,000, IF THE BRAC REVITALIZATION AND  
5 INCENTIVE ZONE INCLUDES AN EXTRAORDINARY DEVELOPMENT DISTRICT.

6                                   (2) If the total amount to be paid to all political subdivisions as determined  
7 under subsection (b)(2) of this section without regard to the limitation under paragraph (1)  
8 of this subsection exceeds the limitation under paragraph (1) of this subsection, each  
9 political subdivision shall receive an amount equal to the product of multiplying the amount  
10 determined for that political subdivision under subsection (b)(2) of this section times a  
11 fraction:

12                                   (i) the numerator of which is the limitation under paragraph (1) of  
13 this subsection; and

14                                   (ii) the denominator of which is the total amount to be paid to all  
15 subdivisions as determined under subsection (b)(2) of this section without regard to the  
16 limitation under paragraph (1) of this subsection.

17                                   SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be  
18 applicable to all taxable years beginning after June 30, 2016.

19                                   SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
20 1, 2016.